PARIS, THURSDAY, OCTOBER 29, 1987

No. 32,558

# 4 Killed Outside U.S. Base

### Philippine **Gunmen Slay** GIs, Bystander

By Keith B. Richburg

Washington Past Service
MANILA — Two U.S. soldiers,
a retired American serviceman and a Filipino were shot and killed Wednesday in three apparently well-coordinated attacks outside Clark Air Base, in what would be the first known terrorist assaults on American targets here in more than

In a fourth incident, a U.S. serviceman's car came under fire at about the same time, but he es-caped injury, according to Major Thomas Boyd, a spokesman at the leased American base in Pampanga Province north of Manila,

All of the attacks occurred within 15 minutes of each other, beginning shortly before 4 P.M. They all occurred within two miles (3.2 kilometers) of the base.

No one claimed responsibility for the attacks, and the U.S. military refused to speculate about the

perpetrators.
"We don't have any way at this time to determine whether the attacks were coordinated, whether Americans were specific targets, or what the motives were," Major Boyd said. "We have not come to any conclusions. It is too soon."

Most analysts said that the attacks could be the work of Commumist assassins or of rebel rightist military officers who wanted to destabilize the government of President Corazon C. Aquino.

One of the victims was killed while walking near a restaurant in Dau, and another was killed on the road to Carmenville. In the latter attack, military officials said that a Filipino who tried to come to the aid of the American victim also was

A car carrying an American came under fire at about the same time on the road to the Sunset Valley housing subdivision near the base, but the assailants apparently

Heat Is on Bonn to Help, Through Growth time on the road to the Sunset Valmissed. In the fourth attack, a retired air force serviceman was killed at Hensonville.

Major General Donald Snyder, the commander of the U.S. 13th Air Force, appealed on the armed forces television station in Manila

See ATTACKS, Page 8

### Kiosk

### Reagan Adviser Delays Leaving

WASHINGTON (AP) -Beryl W. Sprinkel has advised the White House informally that he wishes to stay on as chairman of President Ronald Reagan's Council of Economic Advisers instead of resigning as planned, an administration official said Wednesday.

The official said Mr. Sprinkel, 63, indicated that he wanted to continue assisting the administration in dealing with the stock market crisis and seeking a deficit-reduction compromise with Congress.



As starving Ethiopians await food, the rebels are threatening relief

Page 7. COTIVOVS.

GENERAL NEWS The Malaysian government arrested 63 people and closed

three newspapers as racial ten-BUSINESS/FINANCE

Trading in the newly privatized Compagnie Financière de Suez has been postponed by the French government. Page 14

Dow close: UP 0.33 The dollar in New York: 1,738 1,724 138.45 5.824

ership of the army, they said. The talk of Mr. Deng's staying on at the pinnacle of power in the standing committee of the Politburo instead of resigning has been one of the surprises at a party congress See DENG, Page 8



There was hectic trading Wednesday on the floor of the Frankfurt stock exchange, and prices fell sharply.

# Tax Hike: Solution or Recipe for Disaster?

By Leonard Silk New York Times Service

NEW YORK - Just when President Ronald Reagan and Congress have started moving toward a compromise on measures to reduce the federal budget deficit, with the logiam apparently broken by the stock market plunge, an unlikely alliance of economists is warning that shrinking the deficit by raising taxes and cut-ting government spending would be the wrong thing to do at the worst possible time.

Robert Eisner, a professor of economics at Northwestern University and the presidentelect of the American Economic Association, has attacked budget cutting now as "conven-tional wisdom" that threatens "economic disas-ter." It would be a "mindless throwback to the omics of Herbert Hoover," he says.

Paul Davidson, professor of political economy at the University of Tennessee and editor of the Journal of Post-Keynesian Economics, says

By Reginald Dale

PARIS - Strong internal and external pres-

sures are mounting on West Germany to play its part in stabilizing the world economy by

adopting more expansionary policies, govern-

ment officials and private economists said

The plunge in the value of the dollar and the sharp fall of the Frankfurt bourse on Wednes-

relaxing tax and interest rate policies, as the

United States has long demanded, according to

"The danger is that if West Germany does

not listen to appeals for international coopera-tion, it could provoke a real 1930s-type depres-

sion," said Christopher Johnson, chief econom-

After the Frankfurt stock exchange closed

officials from other governments.

ic adviser to Britain's Lloyds Bank.

Officials Ask

**Deng to Stay** 

In Politburo

By Daniel Southerland Washington Post Service

BELJING - Chinese provincial

officials revealed on Wednesday

that Deng Xiaoping is being

pressed by many other senior party

officials to reverse his announced

intention to retire from the party's

at a press conference, injected new

uncertainty into the senior Chinese

leader's attempts to engineer a

smooth transition of power from

older leaders like himself to youn-

Western diplomats said that if

Mr. Deng, 83, is unable to retire

from the Politburo, it would indi-

cate that the party leadership is

torn by conflicts over the succession to Mr. Deng and that Mr. Deng's strong presence at the top is still required to arbitrate disputes

They suggested that it would also reveal a lack of confidence in the

ability of Prime Minister Zhao Ziyang, who is expected to take

over as party chief at the end of the

party congress that is now in progress. And it would be an indicator

of the strength of "conservative" leaders who have been reluctant to

follow Mr. Deng's example and re-tire from the Politburo, diplomats

But a number of diplomats, as well as Chinese officials, predicted

that despite strong rumors and

pressures to the contrary, Mr. Deng

would in the end resign from the

Politburo. He would retain influ-

ence as the country's paramount leader through his continuing lead-

The unexpected revelation, made

ruling Polithuro.

among the leaders.

that, after the market plunge, raising revenues and lowering government spending to reduce the deficit "can exacerbate current recessionary tendencies and can even create a second Great Depression in the 20th century."

And some of Mr. Reagan's most committed supporters of "supply side" economics, such as

### **NEWS ANALYSIS**

Paul Craig Roberts of Georgetown University and Jude Wanniski, president of Polyconomics Inc., oppose any budget-shrinking moves involving tax increases. Such steps, they say, would have the perverse effect of reducing tax revenues. New taxation would chill the economy, reduce personal and business incomes, and thus lower tax receipts.

Mr. Reagan, while sending his men to negotiate with Congress, has continued to assert he will resist a tax increase, though willing to

West German finance minister, gave a signal

that some of the pressure may be working. In a British television interview late Wednes-

day, Mr. Stoltenberg said that West Germany

was reconsidering its interest rate policy in the

**NEWS ANALYSIS** 

light of the financial crisis. He declined, howev-

change could be expected in the next few days.

European Monetary System, the European

Community's eight-nation currency bloc,

France was also understood to be urging West

Germany to ease its policies and patch up its

France would like to see a reduction in West

German interest rates to relieve pressure on the

recently strained relations with Washington.

As the dollar's fall created strains within the

accept measures that could be called "revenue

The Wall Street Journal's editorial page warned that "the sight of the president selling out what everyone knows to be his beliefs will be anything but reassuring to the markets." So goes the provocative argument being made by strange bedfellows, the liberal hardcore Keynesians and conservative supply-siders. As arresting as it is, does their warning make sense? Or is the need to reduce the budget deficit at least as compelling today as it was before the crash, or even more so?

Obviously, not all Keynesians share Mr. Eisner's and Mr. Davidson's fear of throwing the economy into recession. Lawrence Summers, professor of economics at Harvard, calls Mr. Eisner and Mr. Davidson "hard-core Keynesians," in contrast to "eclectic Keynesians" such as Professor Robert M. Solow of the

See TAXES, Page 15

franc and allow French interest rates to fall in

turn, officials said. That would help to boost

France's economy in advance of the country's presidential election next year and offset the

loss of French export markets as the U.S. econ-

West Germany holds the key to unlocking

the crisis, said Brendan Brown, chief economist

at County NatWest investment bank in Lon-

don. If the Bundesbank quickly eased its mone-

Reserve Board scope to loosen its own policy

without provoking a further crash in the value

Increased domestic demand would also cush-

ion West German exporters from losses in the U.S. market as a result of the declining value of

the dollar, analysts said. The shares of major

See POLICY, Page 17

omy slows down.

of the dollar.

# Falling Dollar Unsettles World Stock Prices, but Wall St. Shows Stability

# Banks Act to Aid Currency

By Ferdinand Protzman
International Herald Tribune

FRANKFURT - Central banks bought massive amounts of dollars Wednesday on foreign exchange markets as the U.S. currency slid to its lowest levels since 1980 against the Deutsche mark. Economists and currency traders

called the intervention a major coordinated effort to control the pace of the dollar's decline. Finance Minister Gerhard Stol-

tenberg of West Germany con-firmed that the central banks of leading industrialized nations had coordinated their actions "to stabilize currency rates.

"If necessary, it can be stepped up on an international level," he said in a statement released by the

Finance Ministry.

The intervention beloed the dollar recover from the day's lows in Europe. But a statement later by Jacques Delors, president of the European Community's executive body, caused the dollar to spiral downward in New York. Mr. Delors asserted that the

United States was prepared to allow the dollar to fall to 1.60 Dentsche marks, a level it has not seen. The dollar numbled nearly 2 prennigs in New York to close at 1.7380 DM, down from 1.7575 Tuesday. It fell to 138.45 yen from 140.85, to 5.8240 French francs from 5.8885 and to 1.4345 Swiss francs from 1,4475.

The dollar also fell against the British pound, which strengthened to \$1.724 from \$1.704. In Washington, the U.S. Trea-

# The Dollar's Recent Weakness 1.77 October, 1987

sury denied Mr. Delors's conten-

tion, saying that his remarks "do not reflect the policy of the United

The Treasury went on to affirm

the so-called Louvre accord, in

which the major industrialized na-

tions agreed in February to try to

See DOLLAR, Page 17

States government.

# Dow Rises A Fraction

Compiled by Our Staff From Dispatcies NEW YORK — The New York stock market struggled to regain its balance on Wednesday but only blue-chip stocks succeeded, with the Dow Jones industrial average inching up 0.33 point.

The rest of the market tumbled. dragged down by the falling dollar and the sharp decline in stock prices overseas (Articles, pages 11

and 14). Analysts said, however, that Wall Street was showing some signs of stabilizing in the aftermath of last week's historic collapse and the continued sharp decline on Mon-

The Dow average of 30 blue-chip stocks inched up to 1,846.82 after rising a more solid 52.56 points, or 2.9 percent, on Tuesday. On Monday, the index plunged by 8.04 percent, or 156.83 points, in its sec-

ond-worst day on record.

But declining stocks led gainers 2-1 on the New York Stock Exchange. Prices also fell sharply in over-the-counter and American Stock Exchange issues.

NYSE volume rose to 280 milstabilize exchange rates through coordinated policies.

Mr. Delors had told the European Parliament that the nations lion shares, from 260 million on Tuesday, extremely heavy by historical standards but slow comagreed in February that the dollar pared with the 600 million-share should not fall below 1.80 DM. evels of last week. Stock exchanges But noting the dollar had already are closing two hours early every dropped to 1.75 DM, he added, day this week to cope with the huge "Let's not have any illusions. The Americans are prepared to let it fall to 1.60 DM."

Wall Street began the day by compounding the misfortunes of overseas stock markets, most of The central bank intervention began early Wednesday during which had suffered heavy losses early in the day and overnight.

Within the first half-hour of trading the Dow average had plunged 65 points, amid fears that the dollar's continued weakness could force up interest rates, if only to stablize the currency.

Lower interest rates help to stimulate the economy. Some economists fear that the cash loss from the stock market's 34 percent fall since late August — including the 508-point loss on Oct. 19 — will discourage consumers and businesses from spending at a pace that will prod economic growth.

By midmorning, though the narket began to grappie back, and by an hour before the close, the Dow had worked its way into positive territory and was on its way to a gain of 34 points. Reports of intervention on behalf of the dollar set up the rally, one trader said. But those gains were soon erased when Jacques Delors, president of

See MARKETS, Page 10

# **Investors Spurn BP Offer**

When the share offer closed Wednesday, it appeared that only between 200,000 and 300,000 people had subscribed for BP stock.

The sale, the biggest privatization effort attempted in Europe, was an important part of Prime Minister Margaret Thatcher's campaign of selling state companies to private investors. (Mrs. Thatcher has thrown her support behind demands that the

peace Wednesday, sharply down from the 330 peace per share

Nigel Lawson, chancellor of the Exchequer, will decide Thursday whether the deal will go through. Official trading of the BP shares on the London stock market is to start Friday. (Page 11.)

The £7.2 billion (\$12 billion) sale of British Petroleum Co. stock by the British government has flupped.

Before the plunge of stock markets around the world last week, more than 6 million had said they were interested.

United States reduce its budget deficit. Page 3.)
In unofficial trading in London, BP's share price closed at 256

offer price set two weeks ago. Underwriters, which are committed to buy the shares that investors do not take up, have urged the government to call the

# Reagan, Awaiting Shevardnadze, **Asks Soviets to Drop SDI Demands**

By Joel Brinkley New York Times Service
WEST POINT, New York -

President Ronald Reagan called on that the meeting is intended to lay the Soviet Union on Wednesday to stop holding arms reduction talks "hostage to measures that would cripple our Strategic Defense Ini-

Mr. Reagan's remarks, in a speech at the U.S. Military Academy, came just before the White House formally announced that Eduard A. Shevardnadze, the Soviet foreign minister, would visit Washington on Friday, apparently to lay the groundwork for a possible summit meeting. Last week, Mikhail S. Gorba-

chev, the Soviet leader, said he would not set a date for a summit meeting in the United States until an unspecified agreement of some sort was reached on the Strategic Defense Initiative, Mr. Reagan's snace-hased defense program. But on Wednesday, the White House said Mr. Shevardnadze would bring with him a letter from said: "We don't know if it will Mr. Gorbachev and would meet result in a summit. We're just going

with Secretary of State George P. to wait and see what he he has to say." Soviet officials have suggested

ference later this year. last week by Mr. Gorbachev's surprise announcement that he was

Moscow says the United States can inspect two disputed radars. Page 8.

not ready for a summit meeting, even after the president and other officials had been openly promoting the idea — was not willing to predict on Wednesday what might happen as a result of the foreign

"The president welcomes the visit and assumes the foreign minister will want to discuss a wide range of subjects," the White House spokesman, Marlin Fitzwater, said. Another White House official

In his speech, Mr. Reagan said: "It would be good for Mr. Gorbachev to see this country for himself. When the general secretary is ready But the White House - stung to visit the United States, I and the American people will welcome

But he also said, "A summit is not a pre-condition for progress on the agenda at hand." If a summit meeting is held, it is

expected to be the occasion for signing the proposed treaty banning intermediate-range weapons that is nearly completed. Mr. Reagan said Wednesday that he would not sign a treaty until "effective verification" was assured, asserting that the Soviets might otherwise be likely to cheat on any agreement.

They have an extensive record of violating past arms control agreements," he said. And on the subject of the Strategic Defense Initiative, Mr. Reagan

said, "The Soviets must stop hold-

See REAGAN, Page 8

# Martinis Make a Comeback Against Heavy Odds (Say, 15-1)

By Frank J. Prial New York Times Service

NEW YORK — Vintage rock and roll is back. Comic books are back. Crew cuts are back. Even Billy Martin is back as manager of the New York Yankees. Next thing we know, they'll be building cars with fins again.
Socially even more significant — if it's true, and

many people who know say it is - the martini is Remember the martini? Stirred, not shaken, so as not to bruise the gin? Remember when serious, or at least only marginally foolish, people sat around and argued the merits of 15 parts gin to 1 of

Remember the three-martini lunch, that deductible perk of the sodden rich? Jimmy Carter condemned it - and enshrined it forever in American political folklore, like the Cross of Gold, the Big Stick and "I do not choose to run."

Until recent financial upheavals disturbed the more or less calm tenor of the times, the rich, perhaps more than the rest of us, were lean, cleareyed and purposeful, and much less prone than they once were to cocktail overkill. Whether that's about to change is not clear from the economic

Barmen in the financial district report some slight uptick in the sales of harder stuff last week. Was it simply tension, ratcheted up to a point where wimpy white wine could do no good? Or was it something deeper? Faced with an uncertain future, we tend to regress, to return to childish things — like the 15-to-1 martini.

There is a pleasant little place just off Burgundy

Street in New Orleans called the Bombay Club. To drink at the bar there is to enter a time warp. Most drink at the bar there is to eater a time warp. Most of the youngish crowd seems left over from a Young Republicans for Eisenhower mixer, and the house drink strengthens the illusion. It's an enormous gin martini, served straight up in a long-stemmed glass like the ones Myrna Loy and William Powell used to drain in those "Thin Man" films. The Bombay Club glass is twice as big.

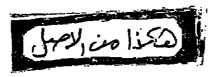
Some traditions die hard. One of them is the dry martini at the "21" Club. "The martini isn't making a comeback at our place," said Jerry Berns, the veteran restaurateur. "It never went away."

The only change, Mr. Berns said, is from gin to works, and the works of the moment is called Absolut. For true believers at "21," the perfect

thought we would," said Ray Wellington, the manasger of Aurora, a popular midtown Manhattan restaurant and bar. "I'm not sure why, but I think the glass has something to do with it." Aurora uses the same five-ounce long-stemmed glass that is so popular at the Bombay Club."

"We still sell more wine than hard liquor," Mr. Wellington added, "but we do surprisingly well with the dry martini." Aurora's martini, unlike the ones at "21," is a gin martini, and the house gin is

If, in reality, the martini is making a comeback, so be it. Social arbiters and moralists can argue over the reasons. But we have made strides over the past three decades. Perhaps scientists can now produce the ultimate drink: a diet martini.



Deng Xiaoping at the Chinese Communist Party congress under way in Beijing.

# Iraq Ends Gulf War Lull With Reports of Attacks On 'Maritime Targets'

By Loren Jenkins Washington Post Service

Iranian coast in the past 24 hours. Iran's southwest. ending a one-week lull in such at-

against Iran in the Gulf came 12 by the Iraqi news agency in Baghhours after Baghdad had unleashed a new campaign of aerial attacks against Iran's oil installations to Iranian oil industry Tuesday with Ceprive the Iranian regime of its manslays of aggression.

Iran immediately warned Iraqi civiliats to seek refuge in four Shi-ite holy cities to avoid its imminent "deadly response" to what it claimed were also two Iraqi aerial attacks on "nonmilitary" targets in western Iran in which a number of civilians were allegedly wounded.

The terms used by the Iranian warning broadcast on Tehran Radio were similar to those issued earlier this month before Iran fired four Soviet-made Soud surface-tosurface missiles into the heart of Baghdad. Iraq claims 134 people were killed and 2.036 were wounded as a result of the missiles, one of which fell on a school full of chil-

In a military communique



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Wednesday night, Iraq boasted that its air force had staged a series DUBAI - Iraq said Wednesday of "destructive raids" on a number that it had attacked three "mari- of oil refineries and chemical plants time targets," or tankers, off the in and around the city of Shiraz, in

Iran claimed, meanwhile, that it had shot down two Iraqi jets during The announcement of attacks the raids, but a communique issued dad denied any losses.

Iraq resumed its attacks on the an attack on the Agha Jahr oil fields. It followed that with Wednesday's raids around Shiraz and the resumption of attacks on Iranian shipping in the Gulf late Tuesday night and early Wednes-

Shipping officials in Dubai said Wednesday afternoon that there was no word on just what the Iraciattacked "maritime targets" might

That was taken as an indication that the Iraqi-claimed targets were not international shipping but more likely decoys Iran has set around its main oil terminals and shipping routes, or Iranian-owned ships of the National Iranian Oil

President Ali Khamenei of Iran on Wednesday shrugged off the U.S. economic blockade against Iran announced by President Ronaid Reagan over the weekend. In a broadcast on Tehran radio. Mr. Khamenei said that Iran would withstand whatever pressure Floods Leave 41 Dead in Iran Washington sought to apply and would give an "appropriate reply to the U.S. action.

"We have been threatened with an economic blockade by the West-ern states." he said. "We are not Iran, the official Islamic Republic afraid of such things."

# Beirut Gunmen Free Korean

BEIRUT - A South Korean diplomat kidnapped in West Beirut was released for a \$1 million ransom, Nabih Berri, Lebanon's jus-tice minister, said Wednesday.

Mr. Berri, who also heads the Shiite Moslem militia Amal, said that Amal had helped organize a safe passage for Do Chae Sung, 38, a second secretary at the South Korean Embassy, to travel from Beirut to Seoul via the Gulf. Mr. Do was abducted on Jan. 31, 1986.

"Regretfully, and according to my information, not less than \$1 station for abduction and afterward a station for releases."

Mr. Berri helped negotiate an end to the 17-day hijacking of a Trans World Airlines plane in June 1985, during which more than 30 Americans were held by Shiite gun-

Amal has been instrumental in tracing and securing freedom for other foreigners seized in Beirut, including Saudis, Libyans, Italians and Americans. According to Beirut International Airport officials, Mr. Do left Beirut for home via Kuwait on Tuesday.

China, Despite Denials, Is Reported Arming Iran

Mr. Berri refused to identify the kidnappers and stressed that Amal million were paid for the release of had only facilitated Mr. Do's jour-missing in Lebanon, Most of them the South Korean diplomat," Mr. ney. "Yes, the Amal movement are being held by groups linked to

Quebec Wins a Vote of Confidence In an evening news program, the Lebanese Broadcasting Corpora-tion, a television station run by the Christian Lebanese Forces militia. broke the news on Mr. Do's libera-In a vote on Monday night, the House of Commons divided 242-16 in favor of the so-called Meech Lake agreement. But opponents, who include former Prime Minister Pierre Elliott Trudeau, academic expensional academic expension. tion Monday.

Gunmen intercepted Mr. Do's car as he was being driven to work in the seafront Ramlet al Baida quarter of Beirut.

Three days after his disappearance, the previously unknown Green Brigades claimed responsibility for his seizure.

At least 21 other foreigners, including eight Americans, are still

new book on the Iran-Iraq war.

### hoping that the accord will get bogged down in provincial legislatures, which must vote on it before June 1990. Prime Minister Brian Mulroney hailed the Commons vote as triumph for Canada" and said Canadians could celebrate the fact that

Quebec, whose legislature endorsed the agreement rapidly this sammer had committed itself to the constitutional integrity of the country. But Mr. Mulroney faces several obstacles, among them the prospect of long battles in some provinces and the possibility that the dispute will be a divisive issue in the next national election.

WORLD BRIEFS

TORONTO (NYT) - In the face of bitter but fragmented opposition

the Canadian government has won parliamentary approval for changes to the country's constitution that would recognize Quebec as a "distingtion of the country's constitution that would recognize Quebec as a "distingtion of the country's constitution that would recognize the country's constitution that would recognize Quebec as a "distingtion of the country's constitution that would recognize the country that would recognize the country that would recognize the country that we can also the country that

society" and strengthen its battle to shore up its French language and

on the consulution, native Indian leaders and women's groups and

# Ecuador Leader Declares Martial Law

QUITO. Ecuador (Combined Dispatches) - President Leon Febres Cordero declared martial law Wednesday throughout Ecuador as police used tear gas against a strike by the country's most powerful labor-

Mr. Febres Cordero also ordered radio stations and newspapers placed under government censorship on Tuesday night. The government has outlawed the 24-hour strike, which began at midnight Tuesday, but the Communist-led United Workers Federation vowed to ignore the ban and predicted that more than one million workers and \$00,000 students and obscured the fact that China sells a large volume of other arms to Iran

farm laborers would strike.

The federation, which claims a membership of half of Ecuador's 350,000 unionized workers, is demanding the removal of Interior Minister Luis Robles Plaza, who was impeached by Congress in September and judged unfit to hold office for allegedly violating the rights of political prisoners. Mr. Febres Cordero has called the finding unconstitutional and Mr. Robles has remained in office.

(AFP, AP). that arrive on a regular basis, often via North Korea, and provides some military training to Iran. So deep is the military relationship that in 1986, China and North Korea provided nearly 70 percent of all Iranian military imports, according to Anthony H. Cordesman.

### Scientists Warn on Ozone Depletion

a military analyst and author of a WASHINGTON (NYT) — The atmosphere's protective ozone layer in so depleted over Antarctica in September and October that there is cause According to Mr. Cordesman, at least \$500 million in arms is still in for concern about the safety of scientists and support personnel there researchers have told a Senate hearing. If the seasonal "hole" in the ozone layer continues to expand, they said, it could threaten inhabitants of the pipeline, including large amounts of artillery weapons, missouthernmost South America. siles, tanks, armored personnel car-

Southernmost south America.

Dr. Peter E. Wilkniss, director of polar programs at the National Science Foundation, said Tuesday that he was concerned "for the health and safety of our people." He said the foundation was discussing the threat with officials from Chile and Argentina.

In the stratosphere, ozone, a form of oxygen, absorbs most of the ultraviolet radiation from the sun, which can cause sunburn and skin cancer and which can be lethal to many life forms.

### U.S. Budget Talks Focus on Spending

WASHINGTON (AP) - Talks between the White House and Congress on reducing the budget deficit resumed Wednesday with negotiators focusing on ways to restrain spending as part of their plan to reassure

"I expect we'll look at the spending side first." said Representative William H. Gray 3d, Democrat of Pennsylvania, the chairman of the House Budget Committee. "I'm optimistic and upbeat." he said of the talks, which will later test President Ronald Reagan's willingness to consider a tax increase.

The negotiating group, in its first meeting Tuesday, discussed different

conceptions of a broad spending freeze on domestic and military programs that could help them meet their goal of \$23 billion in deficit reductions for the 1988 fiscal year. officials said.

### Swedish Official Criticizes the Police

STOCKHOLM (Reuters) — The Swedish police violated civil rights laws during the search for the killer of Prime Minister Olof Palme, Sweden's justice ombudsman said Wednesday,

The ombudsman, Anders Wigelius, strongly criticized house searches and the arrest of Kurds suspected of involvement in the assassination. The ombudsman's inquiry came after complaints by lawyers representing two Kurdish men arrested in December after a brawl in a restaurant. Mr. Wigelius said there was no legal justification for searching the Kurds' homes and the Kurdish bookshop and cafe in central Stockholm. Mr. Palme was shot and killed in Stockholm in February 1986. Policeme hunting the lone killer have opened files on 28,000 people and investigated 40,000 tips, so far without success.

### Kohl, in Berlin, Makes Gift of Museum

BERLIN (Reuters) — Chancellor Helmut Kohl of West Germany signed an undertaking on Wednesday to build a German history museum in West Berlin, a multimillion dollar project that he said would stress the unity of the German nation.

There is only one common history of the Germans," Mr. Kohl said at a ceremony held in the former Reichstag building near the Berlin Wall. The ceremony was a highlight of West Berlin's celebration of Berlin's 750th anniversary, and the 380 million Deutsche mark (\$218 million) museum, which is to be built near the Wall, is Bonn's anniversary gift to

In East Berlin, the East German Communist Party's chief ideologist, Kurt Hager, harshly criticized rightist West German politicians for wanting to unite the two German nations.

### For the Record

The seventh game of the world chess championship was postponed Wednesday at the request of the champion, Garri Kasparov. Anatoli Karpov, the challenger, leads the 24-game series by a score of 3.5 to 2.5. The seventh game is now scheduled for Friday. (Reuters)

### TRAVEL UPDATE

# Strikes Disrupt Italian Train Service

ROME (AFP) - A 24-hour strike by drivers and conductors disrupted train service in Italy on Wednesday. The strike, which followed a recent walkout by engineers, had not received union authorization.

Meanwhile, the national airlines Alitalia and ATI, faced with a series of

strikes in recent days, were forced to cancel 40 domestic flights out of the Rome-Finmicino airport on Wednesday. New strikes were planned on

Friday at airports in Milan.

Unions representing Italian transportation workers are divided, and rank-and-file committees have emerged that reject accords worked out between the government and union officials. Labor and Transportation Ministry officials have said they are often at a loss to find someone to

To improve U.S. air travel conditions, the Senate on Wednesday began debating legislation that would blueprint the spending of \$15.6 billion to expand the nation's airports and modernize the air traffic control system. The funds will be provided by future legislation.

English Channel ferry service resumed Wednesday after two days of protests by French fishermen over restrictions on fishing near the British coast ended.

(Reneral-(Reuter)

### Correction

Because of an editing error, a photo caption in Wednesday's editions said that Lloyd Kolokoff, a Miami broker, had been slain. He was in fact

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day that a South Korean

By Elaine Sciolino

New York Times Service

China's repeated denials that it

sells arms to Iran, Iran received a

shipment of artillery pieces and shells from China in the last two

weeks, according to Reagan admin-istration officials.

reports that 100 sophisticated Chi-

nese C-801 anti-ship missiles either

have been delivered recently or

The two countries are also be-

lieved to be completing arrange-

ments through Hong Kong for fur-ther shipments of Silkworm missiles, officials said. Iran has

may be on the way to Iran.

In addition, there are intelligence

WASHINGTON - Despite

was released for \$1 million. Berri said. "Once again Beirut is a protected him after his release, but Iran.

used the Silkworms against Ku- worms, the Chinese shipments are waiti installations and against ships significant." in Kuwaiti waters, including last

Kuwaiti tanker under American protection Senior Pentagon and State Department officials are increasingly distressed by the military relationship between Tehran and Beijing, which has expanded dramatically since the visit of Hashemi Rafsanjani, the speaker of Iran's Majlis, от

parliament, to China in 1985. The United States has repeatedly protested the arms deals, and officials said on Tuesday that Michael H. Armacosi. undersecretary of state for political affairs, would rein Beijing next week. In the past the United States has had no success in curbing the relationship, de-

NICOSIA - Floods started by spite forceful protests. blizzards and torrential rains have What concerns us is the steady killed 41 people in the past two flow of a wide variety of arms from China to Iran," one State Depart-Iran, the official Islamic Republic News Agency reported Tuesday. ment official said. "It's not just the Silkworms. Even without the Silk-

though a senior Pentagon official said that only about 75 had been Mr. Armacost will also explain delivered. week's attack on a re-registered The focus on the Silkworms has

the Reagan administration's decision last week to interrupt a process of liberalizing the export of some high-technology products to China. in what officials said was a proportional response to continued sale of the Silkworm missiles. His trip comes as American-Chi-

nese relations are somewhat strained because of China's crackdown on recent unrest in Tibet and accusations that Washington is meddling in China's internal affairs. Mr. Armacost is also expected to express the Reagan adminisstate for political affairs, would re-new those protests when he arrives the Chinese over the Tibet issue. There is some debate within in-

telligence agencies about whether the most recent Chinese arms shipment included Silkworm missiles and how many Silkworm missiles are already in the Iranian arsenal. Some administration officials said Tuesday that Iran might have more than 100 of the missiles, al-

riers, ammunition, and mortars. Since the first delivery of Silkworms late last year, Chinese technicians have been giving Iranian revolutionary guards in Iran training in how to assemble, fire and maintain the missiles, administration officials said.

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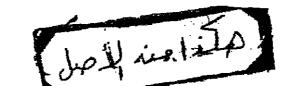
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# THE MEAL WAS FINE.

# THEN THE SAUCE ARRIVED.

Nothing wrong with the sauce, you understand.

ORLD BRIEFS

Berlin, Make-Girolle

THAT I THE

Hisrap! Indian Ind

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle

adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

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# Herald Cribune.

# Stick to the Arias Plan

cease-fire and a chance for democracy. This intricate plan delicately balances compro-mises from left and right; the entire plan and Cardinal Miguel Obando y Bravo, head would be imperiled if there were any substantial deviation from its present terms, as articulated by its chief author. President Oscar Arias of Costa Rica. Without doubt, the effort would founder if Nicaragua refused to deal with the leaders of U.S.-backed contra rebels. It would also collapse if President Reagan found a way to provide more guns for the rebels and resisted an outcome that would leave the Sandinists in power.

The balance of compromises is so close that even the presidents who owe the most to Washington — José Napoleón Duarte of El Salvador and José Azcona of Honduras publicly oppose Mr. Reagan's drive for \$270 million in new contra military aid. The message is clear, although it does not preclude providing contras with resettlement aid.

Of equal importance, both Central American leaders also join with Mr. Arias in calling on the Sandinists to deal with the exiled rebel leaders, who are anathema to the Managua junta. Nicaragua's President Daniel Ortega wants to restrict negotiations to individual field commanders.

This is at odds with the conciliatory promise of the accord. The Salvadoran and Guatemalan governments are now talking with political as well as military leaders of

20

21

44

The Central American peace accord coming into effect next week promises a healing flicts be brought to an end? Even the Sandinists seem to realize this, as evidenced by of the reconciliation commission appointed by the Nicaraguan government.

In El Salvador, President Duarte takes far greater risks in dealing with and legitimizing his political opponents. Monday's brutal shooting of a Salvadoran human rights leader underscores the persistent threat of right-wing death squads, and the courage needed to dely them.

All the incumbent regimes can gain legitimacy from the Arias plan if they comply with its call for an end to emergency rule and take steps to democratize. What Mr. Reagan does not like is its vagueness about compliance and its requirement for an end to all foreign military aid to any irregular forces. But it is this balancing of risks that accounts for the plan's remarkable support. symbolized by the Nobel Peace Prize that Mr. Arias is to receive in Oslo.

That support could well be the best answer to President Reagan's fears about compliance - as long as he is also in compliance. The right and decent course is also the wisest. Let this regional plan develop its own momentum, and for once let the Uncle Know-It-Alls in Washington take their lead from the Central Americans.

-THE NEW YORK TIMES.

# The Causes in Eritrea

The use of starvation as a political weapon is a tragic and familiar aspect of wars in many lands, but the practice seems to have been taken to an especially terrible new place in Ethiopia. Surprisingly, the villain is not the Marxist government. That government has not shrunk from using starvation tactics to put down Eritrea's independence movement, but in this cycle it has solicited international relief to soften the famine to which its policies have significantly contributed, and it does tend to allow the trucks to roll through. Eritrean rebels themselves are accepting responsibility for an attack that destroyed 23 big trucks carrying more than 400 tons of emergency food supplies to a rebel-held area in neighboring Tigre.

It appears that clearly marked United Nations, Catholic Relief Services and other trucks were ambushed and burned on an Eritrean road last Friday. Drivers were detained and at least one was killed. The Eritrean People's Liberation Front, saying it had attacked the convoy, claimed that arms and ammunition were in some of the trucks. It is at least conceivable that a local commander had seen government forces in the area and

suspected that the convoy might be hostile although this would not explain the subsequent burning of trucks and harassment of drivers. The relief agencies, hoping to return to the previously prevailing pattern of local understandings, are taking the view that the incident is an isolated one. They shudder to imagine the consequences if it is not. In one of the distortions of the West's view

of Eritrea, it is commonly seen as an international basket case. But the time is long overdue to see its agony as essentially politi-cal in origin. The United Nations federated this former Italian colony into Haile Selassie's Ethiopia in 1952. He absorbed it by force in 1962, and the Entreans have been struggling for independence ever since, first against the U.S.-oriented Emperor Selassic and now against the Soviet-oriented Men-gistu Haile Mariam. Struggling, that is, no longer against European colonialism, which everyone decries, but against African colonialism, which is usually ignored. Relief crises of one sort or another are likely to recur with terrible regularity in Eritrea so long as the political sources are not addressed.

- THE WASHINGTON POST.

# **Babies for the Budget?**

other trillion dollars of debt onto the next should get a tax deduction of \$3,000 or generation of taxpayers. Now the Republi- \$4,000 every year for each child. can presidential candidate Pat Robertson offers an even more refined idea of fiscal should breed more babies, he says, so there

will be more people to pay taxes.

Mr. Robertson, a fundamentalist preacher and founder of the Christian Broadcasting Network, begins his argument on moral grounds, by opposing abortion. But he quickly enlarges it, as he did in a speech last

week, into a practical argument.
"We must have more children to expand the work force." he said, "By the year 2020, we are not going to have enough money to take care of all the retirees, there won't be enough money for government, there won't be enough people to expand the markets." and America's share of world population

will drop to insignificance. That represents paradoxical politics, disruptive social policy and callous morality. As for politics, Mr. Robertson feels so strongly that, despite his well known hostility to Big Government, he wants Washing-

As for social policy, the annual number of births in America has wavered at around conservatism and family values. America 3.5 million for years now, bringing welcome stability to schools and other institutions badly buffered by the 1946-1964 baby boom. The stability is a special relief, as Mr. Robertson should know, because of the potential for a re-boom, with so many women now in their childbearing years.

Worst of all, Mr. Robertson's proposition is tin-hearted. Why should people want to have a baby? Because they want to nurture and to lavish love on a child; to hand on wisdom or wealth; to perpetuate a family line: There are many wonderful reasons. To produce more future taxpayers who can cover this generation's Social Security costs is, however, not one of them.

America is built on the sweat and ambition of parents who, by sacrificing for their children, paid for the future. Perversely, Pat Robertson would have them breed babies who can pay for the past.

- THE NEW YORK TIMES.

# Other Comment

### The Camps Are Talking

For the first time in the budget impasse. the two camps are talking, and the rhetoric has cooled. That is a powerful signal to send to Wall Street and the rest of the world. If a compromise can be reached, that is preferable to reducing spending arbitrarily through some mathematical formula. In his 1988 budget. President Reagan proposed \$22 billion in new revenues, so he may go along with a compromise that includes revenueraising measures such as asset sales and higher user fees. He isn't ready to accept higher income tax rates, nor should he be. — The Chicago Tribune.

It is time for our leaders to accept the fact that we are living on a false economy, loaded with debt and oiled by money from abroad. Only by paying our way in the world will we restore confidence in the economy.

The process by which Washington is to frame a response to the ringing messages of the financial markets worldwide was always likely to be protracted, painful and, above all, political. It is not helped by the undenia-

- The Keene (New Hampshire) Sentinel.

ble fact that, at a critical juncture, nobody seems to be in charge. The only charitable description of President Reagan's performance over the last week is that it has amply demonstrated his known limitations. Once the beneficiary of favorable circumstances, he appears to lack the capacity to handle adversity. There is, sadly, a fundamental inability at the top to grasp complex issues, not seen at a presidential level since Herbert Hoover. Historical comparisons with previously incapacitated chief executives like Woodrow Wilson may now seem relevant. - The Financial Times (London).

### A Gulf Duty for Beijing

Sooner or later we may have to undertake mussions that produce substantial Iranian and possibly American body counts — or we can try to dry up Iran's supply of Silkworms at the source: China. Now is the time to press Beijing for a show of good faith. The satellite pictures have forced us to take action but we could quickly rescind it if China, as a permanent member of the United Nations Security Council would support our initiative to shut off fran's access to imported weaponry.

- The Atlanta Constitution.

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# **OPINION**

# A Shower for Shultz, Then a Speech for the Comrades

B UDAPEST — You could get whiplash from trying to follow each twist and turn of Soviet-American relations these days. But in the fog of peacemaking, a few signposts do point toward what lies ahead.

One certainty is that nuclear disarmament is not about to break out. Those who talk about the INF treaty that is now within easy reach leading to a denuclearized Europe sound like Sam Walton declining to pick up the luncheon tab because it would start a

process that would bankrupt him.
While negotiating the final details in the
INF treaty. Washington and Moscow have also been engaged in intensive studies of new nuclear weapons to deploy once the treaty takes effect. These additional systems will cover the targets that are now due to be hit by the U.S. Pershing-2 and ground-launched cruise missiles and the Soviet SS-20s and the shorterrange systems to be eliminated by the treaty. It is a process the experts call "compensation

One clear sign to emerge from last week's meeting between Secretary of State George Shultz and General Secretary Mikhail Gorbachev is that the Russians are gearing up to make compensation their next major arms control issue in Europe.

Whether by design or otherwise, the delay that Mr. Gorbachev engineered by sending Mr. Shultz home empty-handed before suddenly

By Jim Hoagland

reversing field again enables him to pocket the U.S. concessions made in Moscow — primarily the capturing of Pershing-IA warheads in a treaty protocol - and come back for some kind of commitment on limits on compensation before the INF treaty is wrapped up.

Speaking at an East-West media conference in Budapest last weekend, Vladimir Lomeiko, a Soviet foreign policy spokesman, gave what I took as a clear hint of this new emphasis in the Soviet negotiating position. Asked about the cold shower for Mr. Shultz, he said Mr. Gorbachev strongly opposes "attempts in NATO to introduce new [air-launched] cruise rockets as a substitute" for the ground-based systems that the treaty will eliminate.

Moreover, as part of his response to Mr. Shultz in Moscow, Mr. Gorbachev made the first specific Soviet proposals for limits on air-launched cruise missiles (ALCMs), which form a significant part of the NATO compensation package under discussion in Brussels and other allied capitals.

Limits on ALCMs (phonetically, al-kims) are handled in the Strategic Arms Reduction Talks, not in the Euromissile basket. But by seeking commitments now, Mr. Gorbachev clearly hopes to tie such limits to the Euromissile package that the White House wants.

The Soviets can now count on the anxiety that the withdrawal of the Pershing-1 and ground-based cruise missiles is stirring among West German policy makers to help them in arguing that no new U.S. missiles should be deployed on German territory. Even hawkish figures like Defense Minister Manfred Worner doubt that a quick decision can be obtained for a new deployment of improved short-range Lance missiles to help fill the gap that he perceives the INF treaty will create.

The little noticed U.S. concessions during the Shultz visit on the Pershing-IA will also encourage the Russians to concentrate on blocking compensatory forces. The Soviets will obtain written guarantees on the dismantling of the Pershing-IAs in the context of the treaty. a result they have demanded since last summer.
To maintain the fiction that the treaty does

not disturb affied agreements, Bonn will end the existing cooperation agreement unilaterally two weeks before the three-year dismantling period for the other missiles comes to an end. meeting the Soviet demand that warheads be removed within the same treaty period as the Soviet and U.S. missiles. It is a fiction that will do little to assuage the concerns of the Europe-an countries troubled by this issue. East Europeans at the Budapest conference

or on its edges spent little time analyzing such hardware questions but focused on something far more urgent to them: Mr. Gorbachev's grip on power after three months of unsettling developments, such as his 55-day disappearance from view while "on vacation," the 21racks on glasnost by other Polithuro members while he was away, and now the sudden

reversals on arms control. These are telltale signs of divergences within the Soviet leadership. For some of the Europeans here who live in the grasp of the Soviet bear, Mr. Gorbaches's success in dumping Geidar Alives from the Politburo two days before Mr. Shultz arrived bore the marks of a trade-off with Krembn partners who may have

wanted to slow down the rush to a summit, So Mr. Gorbachev's Nov. 2 speech starting the celebration of the 70th anniversary of the Bolshevik revolution takes on an importance far beyond its role as an equivalent of the State of the Union address of an American president. East Europeans will scrutinize it for signs of a struggle over Mr. Gorbachev's domestic programs of economic renewal and political change, and over the reduction of international tensions that he says must underput those programs. The Source leader may well have preferred to finesse the Euromissile accord for a week or two to allow him to get past Nov. 2. The Washington Post

Dizzy Heights:

**Speculation** 

A la Japonaise

# An Oil Import Fee Would Serve Several Purposes

WASHINGTON — Here is a bold action that the president and Congress could take to end financial handwringing and lay the basis for sustained growth throughout the world: Impose a \$10 a barrel fee on all oil imported into the United States.

America's rate of importation is rising alarmingly. It now stands at 6 million barrels a day, 43 percent of the oil it uses. A \$10 import fee would slash the budget deficit by \$23 billion a year, which just happens to be the amount required for cutting this year by Gramm-Rudman. Couple the revenue increase obtained from OPEC friends with 2-for-1 spending cuts, and you have serious deficit reduction. With the import fee raising the price

of imported oil to \$28. Americans would be conserving energy, using less oil from overseas, reducing the new source of revenue. Some of those lost fees would be made up through a windfall tax on domestic producers, who would take advantage of the \$10 differential. But the domestic oil industry would be pulled out of the doldrums; half its rigs are now idle, and the Southwest is in recession.

The window of profit opened by tion by American companies, which

D ARIS - What the American and world econo-

ambitious and dynamic American export expan-

dam the protectionist tide in Congress.

sion program, to reduce the U.S. trade deficit and

Announcement of a big plan to convince Ameri-

can companies to export and to give them the

means, advice and financing to do so, might even

halt the market panic in its tracks, since it is the

trade deficit which currently obsesses the markets.

agreement we are not likely to see, and one which,

might not be so happy with in the longer term.

view of its deflationary effects, the markets

What is needed is constructive backing for the

thousands of small and medium-sized companies

across America which have good and competitive

products that they never have tried to export, plus pressure on the big and complacent companies

Everyone talks about keeping imports out of the United States. Protectionism is the mounting

force. Nobody in this administration seems capa-

ble of declaring that it is up to Americans to do a better job at what they certainly know how to do.

which is to produce and sell quality goods, and to

concentrate on selling them in foreign markets.

The Reagan administration, and the Democratic

W ASHINGTON — The string has finally run out for Treasury Secretary James Baker. All good

things do not come in a tidy package,

and Mr. Baker must now choose be-

tween a lower dollar and a recession.

stock market and a probable reces-

sion were sown at the Louvre in Paris

last February, when the major indus-

trial countries apparently agreed to a

reference range for the rates of ex-change between the dollar and other

key currencies. As measured against

that objective, the Louvre accord has

To support the dollar, the United

States has severely restricted growth

in the money supply, thereby main-

taining interest rates high enough to

induce foreigners to keep on buying

dollar-denominated assets. Foreign

central banks have helped stabilize

the dollar by soaking up about \$90

billion in world currency markets.

of American strength and world leadership.

And the Japanese have taken mea- man agreement to maintain the dollar

T HE British and other Europeans are weary of Americans constantly blaming other nations for the chronic U.S. trade deficit. That gap

between income and expenditure is now seen as the worm eating at the heart

In the affluent suburbs of London, the U.S. deficit is painfully evident. This

week I called at most of the major stores near my home in Richmond upon

Thames, I found goods piled high from France, Italy, West Germany, Spain.

China, South Korea, Taiwan and, of course, Japan. Apart from a few cans of pineapple juice, I found nothing from the United States. When investors on

Wall Street hurl themselves into a frenzy of selling, they are, in effect, simply

reacting to the failure of American industry to compete as it used to compete. Andrew Alexander, a strongly pro-American columnist, blames the U.S.

government. The federal deficit is perfectly curable by a modest tax rise or a

modest cut in U.S. government spending," he writes. "Instead the Americans have tried to get foreign central banks to bail out the dollar — an attempt which failed in the past, is failing now and will fail in the future."

The British find it hard to believe that the genius of U.S. economic growth

has run out of steam. In the past five years they have invested \$600 billion in

American industry - not out of charity, but from a hard-nosed calculation

that American know-how and American workers are the best in the world.

- Brian Dunning, a BBC editor, in the Hartford (Connecticut) Courant.

Whether American politicians are in the same league is another matter.

The View From the Shops of Richmond

been moderately successful.

The seeds of the collapse of the

which export little to do a great deal more.

It would be almost as welcome to the markets, at this moment, as an agreement in Washington to raise taxes and cut the budget — the latter being an

mies need at this moment is the launch of an

By William Safire

By William Pfaff

Congress as well, try to bully West Germans and

Japanese into cutting their exports to the United

States and changing their national economic poli-

cies to suit it. Since when have Americans lost the

could export competitively, if someone showed

them how to cope with the paperwork and foreign regulations, find agents abroad and get help on marketing and advertising in foreign markets, and

An Export Advancement Agency, possibly a

cooperative effort of government and trade

groups, with offices across the country, together with enlarged commercial sections in U.S. embas-

sies abroad and expanded cooperation with Amer-

ican chambers of commerce overseas, is the obvi-ous way to go about it. It is not hard to think of

things to do that would produce results. It is not

simple to sell goods in another country, but there

Alas, there is not much hope that this will happen. There is not much hope that anything

serious at all is going to be done to remedy Ameri-ca's trade deficit, or the budget deficit, either, so long as Ronald Reagan is president.

Mr. Reagan is an elderly and obstinate man who

The Choice Is Between a Lower Dollar and Recession

By William A. Niskanen

sures to increase domestic demand. But the cost to the American eco-orate the Louvre accord. To be blunt,

nomy has been enormous: higher

interest rates, the loss of about one-

third of the value of corporate equi-

ties and a substantial increase in the

probability of a recession.

Many observers have used the oc-

casion of the market collapse to urge

the Reagan administration and Con-gress to reduce the deficit. However,

this line of argument ignores the fact

that both the stock market and the deficit increased through fiscal year

1986, and that most of the recent

news about the deficit has been fa-

vorable. Reducing the deficit is the right prescription, but for another problem — a low savings rate.

The Treasury is now being advised

to follow contradictory policies. On Oct. 20, for example, The Wall Street Journal endorsed the U.S.-West Ger-

that would compound the errors that led to Black Monday by sacrificing the economy (and the Republican Party)

The opposing advice is to back away from the Louvre accord, either

progressively or cleanly, to restore money growth and to maintain a sta-ble path of domestic demand. Advo-

cates of this policy reportedly include Secretary of State George Shultz, the budget director, James Miller, and the

chairman of the President's Council of

Choosing between those policies will not be easy. Mr. Baker has a large investment in the Louvre accord and.

Economic Advisers, Beryl Sprinkel

in general, in international policy co-ordination. And allowing the dollar to

fall would increase the inflation rate

nomy and a stable exchange rate.

A direct rejection of the accord, however, is both unlikely and unneces-

sary. To keep a stable domestic econo-

my, Mr. Baker should be allowed to

maintain a general commitment to the

Louvre pact while substantially reduc-

ty or the severity of a recession.

third since its August peak

On the other hand, Mr. Baker is

and nominal interest rates.

on the altar of a stable dollar.

also is no mystery about how to go about it.

obtain the export finance they would need.

There are plenty of innovative producers who

capacity to look after themselves?

duction, helping the United States approach a national security goal of energy independence." The end of its Middle Eastern oil dependency would reduce America's

trade imbalance by a third. That is how much imported oil now contrib-utes to red ink and weakens the dollar. Are the twin benefits of reducing the budget and trade deficits not persuasive enough? Then consider the world impact: An oil import fee, stim-ulating exploration and production in America, increases supply while re-ducing demand; that means down-ward pressure on the price of oil worldwide. Third World nations could breathe easier; prices everywhere

would rise more slowly.

A final argument: The oil import fee would be a severe blow to Iran, far more effective than the military takeout of its Silkworm sites or refineries. By pushing down the world price of oil. America would make it much harder for the ayatollah to support aggression in the Gulf and his dream of Shiite dominance.

Thus, although oil sheikhs are too hidebound to see it, an import fee in

now replace only half of current pro- America, with subsequent drops in prices worldwide, would help the Sau-dis and Kuwaitis and Iraqis defeat the Persian threat. The Arab oil states would lose their economic dominance but ensure their national existence. Indeed, America could label its new policy the "Free-Navigation Charge" a user fee paid by the oil-producing states in the Gulf for the cost of long-

term American protection. Who is against this? President Reagan's Department of Energy, headed by his former political patronage chief. opined that such a tariff would be inflationary. But oil cost \$28 in 1985, a non-inflationary year, and increased oil production in the future means less inflation. A recent study, "Energy Se-curity Revisited" (Harvard-based and industry-sponsored but, even so, per-ceptive), makes hash out of the DOE's complacent parochialism.

Wouldn't this be a tariff, and aren't all good Republicans against protec-tionism? Answer: Tariff barriers to free trade are bad, but tariffs that break international cartels and strengthen world market pricing are good and necessary. In 1929, the Hoover administra-

tion responded to the crash with a plan to raise taxes and balance the budget. Incredibly, that is what many of today's Democrats seem to be demanding. At the president's long-delayed news conference, the tone of the questioning was "Nyah-nyah, you're gonna hafta break your promise and raise taxes," as if the only policy that would show seriousness was self-flagellation into recession.

The president is right to press for budget cuts without new taxes. Now would be the worst time to deprive wage-earners and consumers of incentives to earn and buy, a consumer's gasoline tax, for example, would dampen the economy while generating

no new gasoline production.

The oil import fee, or Free-Navigation Charge, is different from your usual we're-not-serious-unless-we-suffer tax. Yes, it would jack up the domestic price of oil once, before lowering it over a long period. But the fee would attack the budget deficit without reducing consumer demand, and would attack the trade deficit without

politically appealing ideas about the economic

virtues of low taxes, reduced government spending and — God help us! — balanced budgets. He is not

going to change now. He obviously is completely

bewildered by what has happened in the last two

weeks, and can only believe that Congress and

And of course Congress has been at fault. Con-

gressmen and senators are obstinate, too. But Con-

Mr. Reagan does not grasp the dimensions of the present crisis, and it is quite impossible for him

to acknowledge the damage his policies have done

to the country and to the world economy. Few men

his age would be capable of doing so, or of con-

froming the dramatic changes and the innovations

now demanded. This means another 15 months of

We are in for had times everywhere so long as

the double deficit in the United States is not

seriously confronted and economic growth there is

not put back on a sound basis. When will that be?

Not until a new president is in office in January

1989. One hopes that problems then will be intelli-

gently addressed, in consultation and cooperation

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lead to a recession within nine months, it is not too late to avoid their worst

potential consequences. The Treasury

should provide clear guidance to the Federal Reserve that stabilizing do-mestic demand is more important

than stabilizing the dollar. Both the

administration and Congress must re-

sist the pressure to adopt trade protec-

tion and other supply-reducing poli-cies — the types of policies that transformed a smaller stock market

collapse in 1929 into the Depression.

Institute, a public policy organization, was a member of President Reagan's

The writer, chairman of the Cato

with Western Europe and Japan.

stalemate, sterile controversy and inaction.

foreign governments are at fault.

gress does not initiate national policy.

By Gregory Clark OKYO - Japanese speculators I have scaled heights unknown in a large industrial economy. They may soon be plumbing a few depths, too, The current focus of attention is the Tokyo stock market, where the Nikker 225 index bounded up and down this week. Even at Wall Street's peak, average price earnings rance of U.S. shares did not go beyond 23. Meanwhile, price earnings ratios in Tokyo were moving beyond 60. Some more specia-

lative shares were at the 100 level or even more, despite no dividends and stagnant profits in many cases. Or take the example of the recently privatized Nippon Telegraph and Telecommunications Corporation. NTT is not a particularly well-run company, its former menepoly faces severe competition from new rivals in inviting a trade war.

And lowering the world price of oil the future. Yet its share trice was pushed to more than 300 times care-

would put a real crimp in Iran's ability to terrorize its neighbors. Let's do it.

West German stock market. And until recently the brokers were talking hap-pily of how a new release of NTT For a Big Program to Expand American Exports shares would meet even higher prices. Somehow Japan was supposed to be a special case: a strong economy and excess liquidity would allow share the basis of a limited number of oversimplified but

prices to dely the laws of exercisic gravity. Few quened the ingic that allowed the paper value of shares traded in Tokyo to exceed that of all the shares on Wall Street. Simularly with land, in two decades prices have been pushed up several

ings and its capitalization to more

than that of all the shares listed on the

thousand percent to the point where the limited land and meager resources of the Japanese islands are valued at twice the total land and resources of the United States, Yet banks were until recently lending up to 100 percent of the paper value of land as collateral, in the belief that land prices could only go higher.

Worse is the way these excesses are institutionalized. As land prices rise, the government tries to keep votes by lowering land taxes, guaranteeing that prices will rise further. An army of land brokers feed on the profits, and work to hold up prices. The stock market then rises further on the strength of higher land prices, pushing more liquidity into the economy which

then pushes land prices up again. Meanwhile the stock market is taken over by the big securities compa-nies. With their vast resources and nationwide sales networks, they have a refined the art of stock price manipulation to a level which can compete with zen, ikebana and naiku for world admiration. They also work to block

reforms, such as a capital gains tax.
Thanks to all these efforts, in 18 months the total value of shares and land in Japan has risen by a staggering 350 trillion yen (\$2.5 trillion). This equals the entire annual GNP, and was clearly a major factor helping pull Japan out of the recession that hit its export industries in the wake of the recent sharp appreciation of the year.

The orthodox view says that since Japan's economy is much sounder than that of the United States or Western Europe there is no reason for a crash. Others cling to the belief that, as in the past. Japan's uniqueness will guarantee a kamikaze of some sort to Council of Economic Advisers from save the nation. Japan's emotional 1981 to 1985. He contributed this com-International Herald Tribune.

### ment to The New York Times.

100, 75 AND 50 YEARS AGO

### 1887: Plot in Pulgaria SOFIA - The Bulgarian authorities

smart, flexible and responsive to the political interests of Vice President are making active inquiries regarding George Bush. A clean break from the Louvre accord would be the most de-sirable course; there is no way to maintain both a stable domestic ecothe alleged plot to assassinate Prince Ferdinand. The individual arrested at Varna on a charge of being implicated in the conspiracy is a Monteneous In his assampation before the grin. In his examination before the magistrate he declared that he had been sent by the Slav Committee at ing the support level of the dollar. That would permit a resumption of money growth in the United States and would reduce either the probabiliimportant post in Russia.

It may already be too late to avoid a near-term recession. The growth of the money supply declined from an annual rate of about 14 percent last winter to zero in the summer quarter. The was fined 20s. and costs. Police Constable Turner stated that when he saw it is as though the government had stock market has declined about onethe defendant he was swaying about on his horse. As he came toward the my and thrown away the key.

witness. Mr. Morgan shouted: "Tally ho! Catch me if you can!" In numing the horse round, the defendant knocked the witness into a hedge. He then charged back to Epsom.

### 1937: The System Failed NEW YORK -[Derothy Thompson

writes: ] Whatever the unprecedented stock market break proves or does Odessa to organize an attempt on the not prove, one fact stands out. There lives of the Prince and his two ministers, for which he was to receive from ed States government regulatory systhe committee the sum of 5.000 napotem which we have been asked to leons, and was further promised an presume existed, and which was to save us from just this sort of thing. A deflationary course has started 1912: A Merry Old Ride which, if it communes, can snow LONDON—The story of a jockey's side through Epsom was told at the Petty Sessions [on Oct. 28], when Frank Morgan, a steeplechase rider, was fined 2lls, and costs. Police Con-

# **OPINION**

# Anything the Kremlin Did, Glasnost Might Do Better

By George F. Will

WASHINGTON — Perhaps the disappointment (for those who were product of an intellectual error disappointed) about developments when Secretary of State George Shultz was in Moscow has something to do with the fact that the Reagan adminisration is gazing upon the prospect of a summit with the expression of a 7-year-old gazing through the window of a candy store. Uncle Sam, who is not 7, should consider the damage done to his bandsome profile by the professional profile by the profession of the control of the handsome profile by the prolonged pressing of his nose against the glass. At the locand summit, Mikhail Gorbachev made a last-minute attempt to

link all progress (for those who consider it progress) on arms control to restraints on President Reagan's Strategic Defense initiative. That summit had been pre-ceded by the Daniloff debacle, which had been preceded by the murder by Soviet soldiers of Major Arthur Nicholson in response to the Daniloff outrage, the administration put words in a lin-guistic Cuisinart and produced a purce of nonsense misdescribing the deal it was striking. Mr. Reagan's response to Major Nicholson's murder was to say that it whetted his thirst for a summit. Recently, Soviet soldiers again fired on U.S. soldiers. Summit season is returning.
At foeland, and again the other day in Moscow, Mr. Gorbachev continued his attempts to crimp the advance of SDL.
These attempts reflect a subtle under-

standing of the sociology of a large scientific enterprise in a free society.

In a Soviet-style command economy, scientists, like everyone else, do what they are told. But American scientists will be reluctant to devote years of peak produc-tivity to a complex collaborative enterprise when congressional support is prob-lematic and deployment is doubtful.

When the Soviet regime does not play by American rules, as in its recent dou-ble-dealing with Mr. Shultz, optimists say that the regime has blundered, implying that it behaves badly by mistake. But remember the axiom (Raymond

### Not a Time for Concessions

A LTERATIONS in Soviet attitudes seem largely cosmetic. To under-stand the Soviet view of America it is best to read and listen to what they tell the NATO allies and the neutrals of Europe and the Middle East. The United States emerges as a predatory power prepared to launch an expedition against Tehran and to bomb Arab capitals unless they accept policies laid down by Washington. Any reasonable examination indicates that despite Smiling Mike's new approach to relations, basic policies toward America and its NATO allies remain the same. This is not the time to reward Moscow with concessions. That day may come, but not today or even tomorrow. - Syndicated cohemnist Drew Middleton.

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product of an intellectual error.

The great question of our day is: Who
what — is Mr. Gorbachev? A sober
appraisal is offered by James Sherr, lecturer in international relations at Oxford and author of "Soviet Power. The Coutinuing Challenge." Mr. Gorbachev, he says, may be "the most accomplished Leninist since Lenin" because he is totally flexible about means, as a person totalunswerving about ends can be

Mr. Gorbachev is advised by former Ambassador Anatoli Dobrynin, who for more than two decades lived a few blocks up 16th Street from the White House. Mr. Dobrynin acquired a taste for McDonald's hamburgers and an understanding of two great changes in Western public opinion. One is that nuclear weapons no longer assure people. The other is that many people believe that the problem that brought NATO into existence—the postwar Soviet threat—has been solved by NATO's success in containing the Soviet Union until it became reconciled to containment. Mr. Garbacharia here are reconciled to containment. Gorbachev is being merchandised as the expression of that reconcilement.

Whether you believe that Mr. Gorba-chev is a deliverance or a challenge to the West depends, Mr. Sherr says, on whether you believe that he is transforming the Soviet Union internally in ways that will moderate the dynamism of its external relations. Mr. Sherr is an unbeliever because the primacy and nature of the

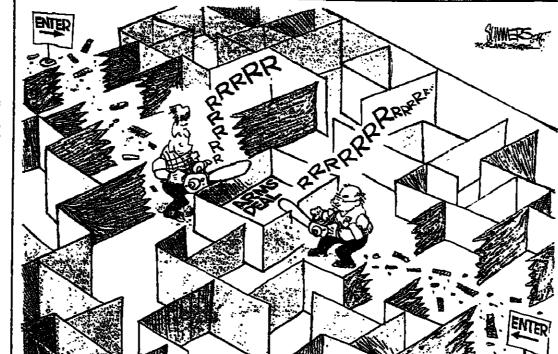
Communist Party remains unchallenged.
It has been said that where it is a duty worship the sun it will be a crime to examine the laws of heat. In the Soviet Union, where reverence for the party is the cardinal tenet of the civic religion, everything is now negotiable - everything except the principle that sustains the regime. The principle is that the party

retains a monopoly on insight.

Mr. Sherr cites a Soviet ideologist who says that the relationship of the military to the party is that of bricks to a bricklayer. And there is no evidence of any change in the regime's meta-agenda, which is the use of military power as a tool of a policy of expanding Soviet influence. Glasnost is the policy of changing almost everything so that everything can remain the same. That is, the system must be made more efficient so that it can get be made more efficient so that it can get

on with achieving its begemonic goal.

Mr. Sherr notes that we have long experience with the Soviet policy of trying to maintain good relations with governments while undermining the political and social systems that sustain them. For many years, the undermining encomed attempts at actual subversion and the promotion of unrest through Communist parties with mass memberships. Mr. Gorbachev represents the Soviet conclusion that it is more cost effective to charm NATO to death. Washington Post Writers Group.



### LETTERS TO THE EDITOR

### Resistance in Tibet: The Tip of an Iceberg of Discontent

The widespread arrests of Tibetan monks and community leaders, the closing of Tibet to tourists and journalists. the increase of the Chinese political police and military patrols add up to panic in front of a new form of defense by Tibetans of their identity. The protests are the tip of an iceberg of increasing discontent but also of sophisticated new techniques of nonviolent action.

When the Chinese first sent troops into Tibet in 1951, they were met with armed resistance. By 1960, however, Chinese troops occupied all of Tibet, and the Dalai Lama and some 100,000 Tibetan refuses had some to India. Tibetan refugees had gone to India. From 1960 on there were 20 years of

repression, economic plunder (especialof timber) and systematic efforts to destroy Tibetan cultural identity. Yet by 1982 there seemed to be signs of a change of Chinese policy. That year the Dalai Lama sent the first of four small teams to contact Chinese officials and discuss the conditions of Tibetans. Each team was able to visit a different part of Tibet. There had been an agreement not to publish the findings, but the overall record of destruction stands out clearly from conversations with team members.

There are basically three items on the Tibetan agenda: territorial status, cultural identity, which currently means a limitation to the transfer of ethnic Chinese to Tibet, and meaningful religious freedom based on the ability to teach,

not just practice, rituals.

The demonstrations of October have opened a wedge in the Chinese refusal to consider alternative policies, even though the first Chinese reaction has been to repress any possible demonstra-tors. It is likely that the demonstrations have sent a signal to the wiser Chinese economic and political planners.

oped in India, monks and others have begun to use nonviolent techniques to as in 1933, save capitalism. press forward their proposals. A test for One coincidence does re new ways to achieve autonomy and re-next president may also be a former spect for cultural identity is being pre-pared in Tibet, and a "forgotten land" governor of New York. merits world attention.

RENE WADLOW.

The writer is editor of the Geneva-based urnal Transnational Perspectives.

### It's All Mere Coincidence

We are all busy finding historical analogies between the great crash of October 1929 and the even greater one of October 1987, and making dire prophecies. I have some good news. Such analogies rarely work because they stress the odd coincidence and ignore basic differences. For example, the president in 1929 and 1987 were both Republicans who seemed unable to cope with economic crises. Both were born in the Midwest but made their homes in California. Each has first and last names starting with the same letter. Both have great abuse disguised as treatment.

six-letter last names. Such had omens! Are we doomed to

the same fate under Ronald Reagan as we suffered under Herbert Hoover? Of course not. The coincidences have no meaning. The 1929 crash took place in Mr. Hoover's first year in office, with a full three years of inaction and worsening depression to follow. This one took A "wind of change" is blowing. Building on traditional Buddhist values of compassion and increasingly aware of active nonviolent techniques as development and political planners.

In guernession to robos, this color, the plane are the final year of Mr. Reagan's last term. Presumably we have only another year of floundering before the active nonviolent techniques as development. tion of a Democratic president who will,

One coincidence does remain: The

MORTON PUNER. Saint-Tropez, France.

### Abuse Disguised as Help

From Gary Lee's report on the harrowing conditions of Soviet mental wards (Oct. 22) we learn that "political dissidents were still suffering alongside actual mental patients." The question is not raised as to why actual mental patients are made to suffer. People appar-ently tolerate abominable conditions for mental patients that they would not

want dissidents to endure.

If mental hospitals are torture chambers, all those incarcerated within are prisoners. I raise this point as a former mental patient, having been confined against my will for six months in U.S. government psychiatric wards.

I, too, witnessed forced injections, suicides and a homicide. People incur GREG BERGLUND.

Saint-Cyr-sur-Mer, France.

# Maybe the Forests Are Dying And Maybe We Know Why

By Marialisa Calta

panoramic shots of mountains dotted with dead and dying trees, close-ups of yellowing needles and lifeless branches. The pictures, some taken in West Germany, others in the Appalachian Mountains of the eastern United States, were displayed at a five-day conference that brought together West German and

### MEANWHILE

American scientists. Among the partici-pants at the gathering, which began on Monday, were scientists who study the health of forests from satellite photographs taken 500 miles (800 kilometers) up, those who study roots and seeds, and those who study everything in between.

The scientists agreed, as they have for years, that the trees in both countries were dying for unexplained and complex reasons, apparently a combination of man-made and natural causes. But that was about the extent of the agreement.

The Germans have been studying forest problems since 1979, when silver fir trees inexplicably began dying in the southern part of their country. The decline has since been documented in other species throughout West Germany. Americans joined the study several years later, when it became clear that spruce and fir trees at high elevations in the eastern United States were suffering unexplained damage. Such damage has also been noted in the San Bernardino mountains in California.

Since then, experts from both countries have exchanged information regularly in scientific journals and at conferences such as the one here.

At this meeting, Peter Schutt, a forest botanist at the University of Munich, spoke eloquently and rather gloomily of Waldersterben, or "forest death." and of the myriad man-made air pollutants that might be contributing factors. Mr. Schutt and others believe that the destruction is being caused by the combined effects of pollutants, rather than by specific types of pollutants acting alone

"This pollution is caused not just by big companies but by individuals, by you and me," said Mr. Schutt as he stood on a fog-shrouded slope of Whiteface Mountain, a research site in New York's Adirondacks that the scientists visited. He said preserving the health of forests meant that individuals must reduce their use of substances, like gasoline, that pol-lute the environment. "And what politi-cian wants to tell people that?"

Bernhard Prinz, a scientist with the Institute for Air Pollution Control of the state of North Rhine-Westphalia disagreed with Mr. Schutt. He objected to Mr. Schutt's use of the word "Waldersterben" as "overly dramatic"; he preferred "forest decline." He called on scientists to work to pinpoint the causes of the forest

**B**URLINGTON, Vermont — The photographs told a dramatic tale: and say it's too complicated." Mr. Prinz believes that a prime cause

of the declines is low-altitude ozone created from the hurning of fossil fuels. Alan Wellburn, a scientist from Lancaster, England, who works on an Ameri-can-financed project there, said his re-search had shown that trees under stress from both natural and man-made causes manufactured in their leaves or needles a substance called ethyline, which reacted

with ozone and caused the trees to die. Art Johnson of the University of Pennsylvania stressed the need to look at natural causes of forest decline, winter stress, age, disease, insects and wind.

Others placed more blame on acid rain, largely sulfur dioxides and nitrogen oxides that are carried through the atmosphere, where they are transformed chemically and fall to earth as precipitation. They believe that acid rain results in the leaching of nutrients from leaves. and that it can alter soil chemistry to the detriment of tree growth.

Gerard D. Hertel, program manager of the Spruce-Fir Research Cooperative, a federal research center based in Broomall, Pennsylvania, said the diversity of opinion was important. "We share es-sentially the same kinds of problems in both countries. Instead of having one set of data, we have two to compare," Over ume, he said, a consensus will emerge.

A spokesman for Consolidated Coal
Company of Pittsburgh, said the discus-

sions showed that "it is not clear by any stretch that acid rain is causing forest decline" and that if coal producers are required to reduce sulfur dioxide emissions, a main component of acid rain, it "clearly will not be a cure-all."

Mr. Hertel's office works under the auspices of the National Acid Precipitation Assessment Program, which earlier this fall released a preliminary report concluding that acid rain posed no im-mediate broad threat to the environment or public health. Mr. Hertel said that the report, which was strongly criticized by many environmentalists and scientists. accurately reflected the findings on spruce and fir trees.

Several American scientists at the conference said the report was incomplete, but they declined comment. The Germans said they had just learned of the report and had not yet read it. All agreed that forest decline could not be

Mr. Schutt said the diversity of opin-ions and findings was to be expected because the subject of forest decline was so complex. Examination of the problem requires the study of soils, botany, insects and diseases, biochemistry, climate and air, "When you try to understand the way a complex group of pollutants affects an extremely complex ecosystem, the problems are multiplied many times over." The New York Times.

# OTAL HERALA

The author was an editorial staffer of the Paris Herald from 1939-40, then served in the U.S. Army during World War II. Since that time, be has published 28 novels and more than 100 magazine storics. He now lives in California

By Hal G. Evarts

".....the most colorful, competent and sometimes crazy newspapermen that ever populated a city room." So wrote former Managing Editor Eric Hawkins in his postwar autobiography, charac-terizing the Paris Herald

Non-Aggression Pact.

When I reported for work that evening, Night City Editor Ed Haffel welcomed me aboard and suggested that for my first assignment I write a letter for the Mailbag. somebody had to keep the column filled

What should I write

Sure Keep it light while

### NOTES ON A CENTURY

Centennial Message from the International Herald Tribune

# On-the-Job Training at the Herald Helps Train a Budding Novelist

Canine Cacophony Paris. Aug. 29.

He may have exaggerated, but only slightly. During my brief renure (1939-40) I can attest that at the least we were encouraged to be journalistically numble, if not downright inventive.

I was hired late in August. the day after the bombshell announcement of the German-Sovier Union Mutual

Jittery American tourists were departing Paris in droves as war loomed, but

about?

"Anything that strikes your fancy," Haffel told me. Except war or politics. Keep lt light."

outside, on the streets of the world's most civilized city. another signature) the population was in a state of panic. I sat at my typewrita staning at a sheet of blank copy paper, the bane of every

Writer everywhere. What trivia could I possibly write on this documeday that no French citizen would ever forget? And then my

Letters From the Mailbag

The first Evarts letter

mind strayed to a dog named

Fifi was a neurotic minia-

ture poodle bitch, the reigning pet at my Left Bank usion, adored and pampered by Madame the proprietress. In addition to a shrewish disposition, Fifi had acquired a habit that startled new guests: Whenever the teleroom, Fifi, who snoozed her days away on a satin pillow. would explode into hysterical rage, yapping insanely and leaping about, snarling at anyone who mied to calm

Now, recalling a college course in basic psych and Pavlov's conditioned reflex experiments on animals, I concocted a shaggy dog story about Fifi, her tantrums and eventual cure by hypnosis, and signed it IVAN P. PAV-

If Hoffel printed the piece (to this day I can't remember) it was the first time I'd ever been paid for my fiction. (Editor's Note: Yes, the letter ran on Aug. 30, but with

A few weeks later I fell heir to a story important to the Herald's few remaining subscribers. This was the World Series, matching the New York Yankees and the Cincinnati Reds Ordinarily, baseball handbook from the

agreemin man near soors, well, account cut, the telephone wives; he could cut the dog's throat when the man 'sn't looking, if it comes to that.

He could use cotton butten, he could build a new sall between hun and the man, he could take the dog out in the country and give him some they pigeous to chase, he could fred the animal some skeping posities with his home every night he could rive us the obose so it to chase, he could feed the snimal some sleeping powders with his bone every night he could rig up the phone so it rings all the time and only atops when someone wants to call him, he could get the phone to whisper softly some drowsy popular song when it wants attention. He could move to annihar apartment, I mean.

RAM DYER JR.

RAM DYER JR.

phone rang in the salon this would have been the across the hall from my task of barhopping columnist Sparrow Robertson, who had commented on the first three games, all won by the Yanks, in his inimitable style, relying on skeleral statistics cabled from New

> But on the night following the key fourth game, the Sparrow turned up missing and untraceable, presumably incommunicado in some bar.

In that emergency, Haffel handed me five lines of baseball news condensed into cablese, a device of those days used to cut down the cost of transatlantic transmissions. He told me to flesh out the numbers and write a blowby-blow, pitch-by-pitch, I-was-there account of an October classic. In other words,

I had never seen a profes-

sional baseball game, and

didn't know the difference

between an RBI and an in-

field fly. But on that intermi-

nable night, with the aid of a

office library, I parched together a creative version of the final game of the 1939 Series, in which Joe DiMaggio drove in three runs in the 10th inning. The Yankees won, 7-4, and swept the Reds four straight.

Sparrow's night life has been well documented but he had another lesser-known interest. That was, of all things, gardening. He raised vegetables in a plot behind his suburban home. One fall night, he proudly brought to the office some ears of corn, an American delicacy unfamiliar to 40 million Frenchmen. He presented two to a French colleague, who took them home to his wife, who in turn tried to render them edible by boiling them, husks and all, for several hours, in good French fashion. Disaster on the cob.

Sparrow related these details to me with glee. I attempted to convert them into a mailbag-worthy sketch but they resisted translation from English to French and back again to English.

And once, the following spring, in my efforts on be-half of the mailbag I fell afoul of military censorship. I had written an innocuous (or so I thought) little tale about an imaginary children's kiteflying contest in the Bois de Boulogne, describing the balmy weather and merry breezes. The humorless censors ruled otherwise. In their view it disclosed "critical mereorological information" to

the enemy. All in all, I came to regard my Herald experience as invaluable on-the-job training for any would-be novelist.

This is the 36th in a series of messages about the IHT which will appear throughout



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By Howard Kurtz ington Past Service NEW YORK - Rumors about Governor Mario M. Cuomo's sup- an Italian-American."

posed ties to organized crime have

magazine, a veteran journalist, dent because of past misdeeds by Nicholas Pileggi, details the rumors his family. He would not elaborate and pronounces the stories "mis- on the rumors. leading and false."

have been "passed around by cops. media people and others in a kind of shadow network of gossip and loose talk.

Mr. Pileggi said most of the rumors had been spread by two peo-ple: a Long Island publicity man who worked for the Right to Life candidate in the 1986 gubernatorial campaign, and a conservative aide

in the state legislature.

Mr. Cuomo and his aides said they were relieved that the rumors had been reported and knocked down. The governor called the ru-

mors "political garbage distributed by political garbage dealers" and said it was "a price I pay for being

Mr. Cuomo raised the issue earlibeen circulating on the political er this month when he called a grapevine for months, and now, to reporter for The New York Times Mr. Cuomo's relief, they are out in and said there seemed to be an organized campaign of rumors that In the current issue of New York he had decided not to run for presi-

The story was amplified when Mr. Pileggi writes that the stories Mr. Cuomo was asked on a televised CBS News interview program about "skeletons in his family closet." The rumors have also been pursued by several other news organizations, some of which, according to Mr. Pileggi, have hired

private detectives. In the magazine piece, Mr. Pileggi, who has covered organized crime since 1956, reported these

That Mr. Cuomo's father-inlaw. Charles Raffa, 83, was the victim of a mob beating that grew out of a dispute about arson.

Mr. Raffa, who owns several buildings and vacant lots in Brooklyn, was severely beaten in 1984 after he showed an empty supermarket in East New York to a potential buyer. The police did not catch the assailant, Mr. Pileggi said, but found no evidence of mob involvement or planned arson. Andrew Cuomo, the governor's son drew Cuomo.

as dismissing suggestions of arson because the supermarket had no

• That Mr. Cuomo interfered with the police investigation of the beating and that an arrest of Mr. Raila for arson was crased from state computers.

Mr. Cuomo was in Albany on the day of the attack, Mr. Pileggi said, and the state police have a computer record of a 1973 arrest of Mr. Raffa, but on a misdemeanor charge of offering an illegal gratu-ity. The charge was later dismissed.

• That Mr. Cuomo once represented organized-crime figures as a lawyer in the New York City borough of Queens. Mr. Pileggi found only that Mr.

Cuomo once represented an association of about 15 junkyards, one of which was partly owned by Joseph Laratro, a member of an organizedcrime family. Mr. Cuomo was quoted as saying that he never represented Mr. Laratro personally and that he "got stiffed on the fee."

 That a mobster gave Mr.
 Cuomo \$30,000 in political dona-At a 1984 fund-raiser, Mr. Cuo-mo's campaign received a \$1,000 check from each of five firms that

investigators have identified as paper companies set up to avoid paying gasoline taxes. The campaign gave the money to charity after this was discovered, according to An-



Governor Mario M. Cuomo, who has been the subject of rumors that are now public.

• That Mr. Cuomo's former law secretary, said Tuesday that "the you have to do is say the M word," firm passed money to a mobster most dangerous part of the whole or Mafia, Mr. Fryer said, "and he later acquitted of murdering a dething is it was amorphous." later acquitted of murdering a detective in Queens. Mr. Pileggi "What really incensed Cuomo found no evidence of this. "What really incensed Cuomo was the idea that if you really want world it isn't true. That irked him. Gary Fryer, Mr. Cuomo's press to go after an Italian-American, all It touched a chord."

eventually receive.

get back on track," he said. This means we face the prospect of con-

perform as required."
President Ronald Reagan has called the \$19 billion MX interestitinental ballistic missile the centerpiece of his nuclear weapons modemization program. The air force. as its most vital characteristic.

U.S. Plan

To Revamp

Not to Work

By R. Jeffrey Smith

by the U.S. Air Force to revamp in

force of MX nuclear missiles is not it

working Representative Les Asia

pin, chairman of the House Armen

Services Committee, has asserted a

The Wisconsin Democrat miscus

the possibility that new missiles.

would be deployed without the

guidance systems they would need

More than a third of the 28 MX

missiles deployed in silos in Wyo

ming lack guidance systems as a

result of production delays by a ker

contractor, the Northrop Corp.

The company promised in August

to produce six new guidance systems per month, Mr. Aspin said,

but new production and testing

"Obviously, if these problems

persist, there is serious question as

to whether the schedule will ever

muing deployment of MXs with

out guidance systems and the in-

stallation of systems that may not

problems have cut this in half.

to hit Soviet targets.

Washington Post Service
WASHINGTON — An efforts

MX Is Said

Earlier this year, however, the air force suspended MX flight tests because of what Brigadier General Charles A. May Jr., the air force's: deputy director for advanced programs, said were growing concerns about the missile's accuracy.

In August, the Justice Department sued Northrop to recover some of the costs of testing the MX guidance system; the air force has continued to withhold some of its payments to the company for MX

Mr. Aspin also said a major air force review of Northrop's man-agement of the program, scheduled this month, had recently been postponed until 1988 because "simply stated, the contractor cannot pass

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CARAN JACHE

# UN Warns of Insolvency if U.S. Doesn't Pay Dues

By Paul Lewis New York Times Service

UNITED NATIONS, New York — Secretary-General Javier Perez de Cuellar has written to President Ronald Reagan warning that the United Nations faces insolvency in a few weeks if the United States does not pay a substantial portion of its annual contribution by then, according to UN officials.

The secretary-general's letter was delivered Monday to Vernon A. Walters, the chief U.S. delegate to the United Nations, who said he would try to deliver it to Mr. Rea-

The letter implores the president get of nearly \$800 million, Wash-

to press Congress to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In tended to streamline the UN buponess to ensure full and ington has paid only \$7 million. In the stock market upheaval increases to ensure full and ington has paid only \$7 million. In the stock market upheaval increases to ensure full and ington has paid only \$7 million. In the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock market upheaval increases to ensure full and the stock prompt payment of the \$212 mil-lion American share of the organization's budget this year.

The officials said the United Nations would be unable to make salary payments in December to its New York headquarters staff of roughly 6,500 people unless additional funds could be found. If the United States does not come up with a contribution, some UN officials say they may ask other countries for additional voluntary pay-

Of its \$212 million assessment toward the UN headquarters bud-

ments to fill the gap.

\$147 million from last year for the more say over how their money is budget deficit quickly, these offigeneral budget and \$61 million to support Middle East peacekeeping

By contrast, the Soviet Union, after treating the United Nations with suspicion for decades, is now presenting itself as a firm supporter of the world body, and it recently agreed to pay off all its budgetary

The withholding of American funds originally amounted to a lever to win approval of changes in the organization's administrative the organization's administrative creasingly gloomy about prospects \$60 million, according practices. The measures were in- for U.S. congressional action. With sional staff members.

spent. In return, the Reagan ad- cials are lowering their forecasts of ministration promised to restore its what the United Nations might full share of financing.

many Third World countries argue that the agreement on administrative changes is no logger 12.4 tive changes is no longer valid. Some of these countries, diplo-

mats say, also are considering ask-ing the International Court of Justice in The Hague for a ruling that the United States is in breach of its obligation to the United Nations.
UN officials are becoming in-

for the organization's headquarters in New York. But since then, additional bud-

getary pressures have further com-pressed the appropriations, which are still in committee. The Senate appropriation has dropped to \$120 million, and the House figure to \$60 million, according to congres-

# U.K. Puts Pressure on Reagan to Raise Taxes and Cut Deficit

By Howell Raines New York Times Service LONDON - Prime Minister Margaret Thatcher has put her government squarely behind interna-

The chancellor of the Exchequer, Nigel Lawson, has publicly pledged to "keep up the pressure "We've not generally prescribed on the United States" to take these the way in which it should be tional demands that President Ronald Reagan reduce the U.S. steps. Other British government of done," one official said Wednes-

Mr. Reagan to swallow his ideolog-

"We've not generally prescribed

ical objections to tax increases.

The official said Mrs. Thatcher had made her point about the need for tax increases to Mr. Reagan in a "tangential way" by pointing out that when she faced a rising deficit taxes temporarily. The projected British deficit for this year is a modest \$6.8 billion compared to \$170 billion in the United States.

Such urging from Mrs. Thatcher, generally viewed as Mr. Reagan's most important international ally on economic policy, is significant pecause it reflects the depth of European concern, and it also represents a longstanding division be-tween Mrs. Thatcher and Mr. Reagan on supply-side economics. She has never believed in the Laffer Curve theory that lowering taxes

The increasingly public cam-paign by Mrs. Thatcher and Mr. Lawson also reflects the degree to in the United States. Experts said cized West Germany for monetary because it will cause great trou-Mrs. Thatcher was eager for some policy "that is really rather too ble."

budget deficit even if it means rais-ing taxes.

ficials say that Mrs. Thatcher now day, explaining Mrs. Thatcher's be-believes that the time has come for believes the ti element in the international eco-nomic crisis. "That might be de-scribed as being presumptions, but one obvious way is tax increases." must decide whether to go ahead with a \$12.2 billion offering of British Petroleum stock. Mr. Lawson, who has curbed

her term, she raised some tration to increase taxes last week. and he said Tuesday that he had been in touch by telephone with International Affairs. Treasury Secretary James A. Baker

Reporting his contact with Mr. important that we continue to keep up the pressure on the United States. The president has made statements showing a lesser degree of unwillingness to raise taxes than has ever been the case before." Mr. Lawson added that there

ment that Mr. Reagan needed to increase taxes and decrease public expenditure as quickly as possible.

the London financial markets, have been the main focus of his concern

Because of the linkage between Britain's deficit while beinging the the London and New York mar-base income tax rate down from 33 kets. British officials believe that percent to 27 percent, has been the point man for Mrs. Thatcher. He simply authorize his advisers to first called on the Reagan adminis- meet with congressional leaders, said Deanne Julius, director of eco nomics at the Royal Institute of

"There are a number of things the president could do immediate ly, such as imposing a crude oil tax Baker to the House of Commons, or other immediate revenue measure." she said, adding that Mrs sure," she said, adding that Mrs. Thatcher and Mr. Lawson would welcome such a swift "symbolic"

The prime minister's advice to Mr. Reagan has a slight I-told-votiso flavor. Officials noted that she had been warning Mr. Reagan was "general agreement" in Parlia- about the deficit for several years. Mrs. Thatcher told aides Tuesday that she was prepared to quote a 1983 speech in which she told the The chancellor has also called on House of Commons that she would which the London stock exchanges Japan and West Germany to re-are linked to economic conditions duce their trade surpluses and criti-tion's example in deficit financing

# A Tree-House Hero's Rise and Fall

By Dirk Johnson New York Times Service

ST. LOUIS PARK, Minnesota Once, Mark Tucker was just another insurance salesman living in this western Minneapolis sub-

And then came the tree house controversy.

Mr. Tucker fought city hall, stood up for the rights of the "little guy" and affirmed the love and

commitment between father and son. It was all so inspiring that television crews from New York to Tokyo came here to document the story of a man portrayed as a folk

hero.
This fame came to Mr. Tucker. 38, after he built a tree house in his yard. Years ago, he said, he had promised his son, Ross, that he would build him that tree house. When Ross was 16, and left home after a quarrel, Mr. Tucker recalled the vow he had failed to keep. "I felt real guilty." he said. "It

became an obsession."

So early in 1986 he temporarily put aside his job as an insurance salesman. He worked full time for months to build an elaborate, seven-tiered structure around an ancient maple tree, and he named it Ross's Lookout. The son, touched it unlivable. by the effort, returned home.

But the hearts of city building inspectors were not warmed. They said that the tree house was a danger to neighborhood children who played in it and that it did not conform to the municipal building code. They threatened to have it

legal challenges against the anthorities, and neighbors rose to his thorities, and neighbors rose to his convicted of housing code violations 14 times since 1983. And in defense. Townspeople circulated a early October. Judge Steven Lange "how often petition and 1,700 people signed it of the Hennepin County district the woods?"

Once, Mark Tucker was just another folk hero living in this western Minneapolis suburb.

house controversy. Some of the tenants living in Mr. Tucker's seven Minneapolis apartment buildings declared that the tree house probably was more hab-

And then came the apartment

itable than his buildings. "That lousy, no-good" man "is

Of his jail sentence for renting condemned apartments, Tucker said, 'They didn't like it that I was the good guy.'

no hero," said Michelle Wyatt, a tenant who, along with her six children, was forced to leave her apartment after inspectors had deemed

"He's one of the worst slumlords in the city," said Richard Parker, the head of the North Side Residence Redevelopment Council, a housing rehabilitation group. "He's got mice, rats, vermin running all over these places where little kids

A party was thrown in the tree court sentenced him to 10 days in house to build a legal defense fund. jail for a number of infractions, including the rental of apartments to tenants after the buildings had

been condemned Mr. Tucker, who is scheduled to serve his jail time in November, insists that his apartment buildings are not in such bad shape. "Mice!" he said. "Roaches? Who doesn't

have them?" He believes the favorable public ity resulting from the tree house crusade led to the housing charges.

City officials deny this.
"Somebody didn't like to see everybody rallying behind me," be said. "They didn't like it that I the good guy."

For now, the city has posted a

"stop work" notice on the tree house, effective until Mr. Tucker can get a structural engineer to at-

test to its safety.

He contends that no other the houses in St. Louis Park have been put to that test. And as for iss structural stability, he notes, about 80 people stood in the tree house at one time during the fund-raising party, and it did not collarse.

Mr. Tucker says he believes this is a light he will win. "I think there might even be a cotton-picking movie in all this."

he said. Meanwhile, local news organiza tions have become somewhat skeptical of Mr. Tucker, after what some see as effusive early covering The Twin Cities Reader, an alternative newspaper, asserted that re porters were initially taken in by him, that they couldn't "see the

forest for the trees." "If the media was fooled in Tucker," the newspaper asker "how often are we getting lost i



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Geneva and

Zurich.

# Nearing Deadline, Ministers Meet on Central American Pact By Julia Preston Washington Post Service Washington Post Service He also chastised his fellow ministers for dragging their feet and warned them not to settle for "a halfway compliance that covers only superficially the letter of the ministers of Costa Rica, El Salvador, Guateman on measures to urge guerrillas remaining no measures to urge guerrillas remaining no measures to urge guerrillas remaining no measures to urge guerrillas remaining.

SAN JOSE, Costa Rica — With little more than a place with the deadline of the Central American peace plan, the foreign ministers of the five nations that the accord have begun meeting again as each signed the accord have begun meeting again as each country scrambled to impose its own interpretations of the complex pact.

A consensus prevailed Tuesday that the peace proa proposal by President Oscar Arias Sánchez of Costa Rica, was signed Aug. 7 in Guatemala and is to take effect Nov. 5.

"Something has changed in Central America," For-"Sometiming has changed in Central America," For-eign Minister Rodrigo Madrigal Nicto of Costa Rica, said Thesday, speaking of the effect of the accord. "A refreshing spirit of dialogue prevails."

In an apparent reference to the Reagan administration, which has criticized the accord as too easy on Nicaragua, he called the ministers' meeting that began Tuesday "a firm refutation" of "adverse" views on the

[The Reagan administration, beset by pressures from leaders in Central America and in the U.S. Congress, is said by administration sources to be considering holding off until January before seeking a vote on \$270 million in additional aid to the Nicaraguan rebels, known as contras, The Associated Press reported from Washington.

[Secretary of State George P. Shultz said earlier this month the administration was planning to ask Congress for a vote sometime in November. However, on Tuesday, several officials said that the administration is having second thoughts about a November vote, for a variety of reasons.]

On the sidelines, several political leaders of the Nicaraguan rebels tried to stage a dramatic return from San José to Managua, according to one of them, Alfonso Robelo Callejas, the head of the Hondurasbased Nicaraguan Democratic Force.

rebel fighters, peace dialogues between governments and opposition groups and an end to foreign aid to

Points of disagreement remained. Foreign Minister Miguel d'Escoto Brockmann of Nicaragua dismissed reports that his government might be moving closer to indirect talks with the contras through the mediation of Cardinal Miguel Obando y Bravo, the Roman Catholic primate of Nicaragua

The pact does not require any government to meet with armed rebels, but Mr. Arias has called for such talks. Father D'Escoto said that if any contacts were made between his government and the contras, they should not be aired publicly. He added, "When the United States stops financing the contras, then there will be a negotiated cease-fire."

Foreign Minister Alfonso Cabrera Hildago of Gua-

However, Nicaragua ordered airlines not to allow temala said there was no need for a negotiated ceasefire in his country because there was no war.

A Honduran delegate said his government planned la, Honduras and Nicaragua hope to outline an order no measures to urge guerrillas remaining on Hondu-of events by which all five nations will begin to honor ran soil to move into Nicaragua, as the pact stipulates. clauses calling for cease-fires, a broad amnesty for He said that the publication of the text of the accords in Honduras was pressure enough on the contras.

### ■ Killing Threatens Talks

Rebels fighting the government of El Salvador threatened Tuesday to break off peace talks because of the killing of one of the country's most outspoken human rights crusaders. The New York Times reported from San Salvador.

Western diplomats said the killing of Herbert Anaya Sanabria, the head of the nongovernmental Com-mission on Human Rights in El Salvador, appeared to be an attempt to silence the left and sabotage the peace

It inflamed passions as the National Assembly began debate Tuesday on an amnesty proposed by President José Napoleon Duarte under the terms of the accord.

**Party Quits** 

In Panama

PANAMA CITY - The mili-

tary-backed government was split on Wednesday after Vice President

Roderick Lorenzo Esquivel pulled his Liberals out of the five-party

Mr. Esquivel said he wanted to oin the light for democratic reform

He has frequently urged wider democratic freedoms in the nation,

which has seen five months of protests aimed at removing the de fac-to ruler, General Manuel Antonio Noriega, the commander of the

The almost daily protests began

when General Noriega's former deputy, Colonel Roberto Diaz Her-

rera, accused him in June of crimes including murder and corruption.

Mr. Esquivel stressed that al-though his party had left the coali-

tion, he was not resigning as vice

"I remain vice president, but as an independent," he said Tuesday.

to leave the coalition. It said in a resolution that intended to follow

"an independent line" and "to in-

tensify our struggle for a true and

early democratization of our coun-

The opposition portrays President Eric Arturo Delvalle as Gen-

eral Noriega's puppet.

This is a definitive break with

Mr. Esquivel has been under

pressure to resign since Mr. Del-

The opposition planned to hold

Delvalle," Mr. Esquivel said.

The Liberal Party voted Tuesday

National Defense Force.

**Coalition** 

# **Socialists** In Spain **Suffer Split** Over Budget

By Paul Delaney New York Times Service MADRID - Facing strong union dissent and increasing presone, Spain's governing Socialists are defending their budget propos-als as necessary for continued eco-

nomic growth. Union leaders have protested what they consider inadequate wage and benefits proposals in the package and have scheduled a so-nes of demonstrations beginning Thursday. The Socialists were shaken by the resignation from the Cortes, the parliament, last week of the head of the largest union.

Coupled with demonstrations Seainst the renewal of a military pact with the United States and the possibility of campus unrest, there s concern that the country may see a resumption of the widespread protests and strikes, some of them violent, that rocked Spain for much of the first half of the year. After the unrest, the Socialists suffered serious setbacks in regional and municipal elections in June.

Political experts say the government cannot allow the country to go through another period of (wrenching protests without the So-cialists suffering further damage. The more serious problem for

the government is the rift with its longtime labor ally, the General Union of Workers, and the resignation from parliament of Nicolás Redondo Urbieta, the union's general secretary. Mr. Redondo, 60, was once considered a possible leader of the Socialist Party.

The parting of ways came in a dispute over government proposals to limit wage and benefits increases in order to light inflation. Contract talks have been going on for several weeks, with the two sides far apart. The government has proposed salary increases of 4 percent; the union wants 5.5 percent, with more money for retired people and the unem-ployed. Rather than line up with fellow Socialists, who have an overwhelming majority, and vote on the budget, Mr. Redondo and an aide

gave up their scats. The Socialist union has joined with its Communist counterpart, the Workers' Commissions, the second largest trade union, in calling the protests. Although the So-cialist union generally keeps its more leftist colleagues at some distance, the two groups separately spearheaded the earlier strikes and protests. The joint demonstrations would be the first held by the two sides on a national level since 1985.

Some officials were upset by the dispute with Mr. Redondo. Interior Minister Jose Barrionucyo Peña termed it "bad news." Enrique Mugica, a party leader, said the resig-nation should never have been al-

lowed to occur.

Luis Garrido Medina, professor of sociology at Complutense Uni-versity, said a break was a must for the union because, with the approach of elections in which workers select their union representation, it was important not to be too closely associated with the govern-

Regarding the bases, negotiations were to resume this week, but both sides agreed to postpone the tession until Nov. 5 and 6. Organizes have planned demonstrations in several cities leading up to Nov. 13, when Spain must formally say if it does not want the treaty extended

beyond next May. based there, Participants in a dem-constration held Sunday included a officials said Wednesday. Barranco, and Joaquin Leguina, the officials said.
head of the Madrid regional govCaptain Compa

3 . X 24 . 7



# **Uganda Leader Vows to Crush Insurgents**

ENTEBBE, Uganda -- President Yoweri Museveni of Uganda

has ruled out peace talks with the rebel Holy Spirit Movement, saying his government's policy is to crush the insurgents.

If you want to know my opin-ion about talking to rebels, it will be a disaster not to crush these fellows once and for all," he said at a news conference at Entebbe airport south of Kampala on Tuesday night on his return from a threeweek trip abroad.

tance Army is chasing the Holy Spirit Movement through the bush about 55 miles (89 kilometers) differences with these people," he said. "We must crush them and that is our line." northeast of Kampala.

The rebel group's leader, Alice Lakwena, 27, and her 2,500 followers say she is a prophetess who receives messages from God through the Holy Spirit Lakwena and that God has given her a mission to overthrow Mr. Museveni.

The president dismissed Miss Lakwena as a nuisance with a psychiatric problem and predicted that his army would either kill her or canture her within a few weeks.

press by the military government of Augusto Pinochet.

Since Mr. Museveni left for his trip to Canada, the United States, France, Algeria and Ghana, the Holy Spirit Movement has moved from the far east of Uganda to within a few miles of Jinja, the country's second largest city.

On its march, the movement has intermittently disrupted road and rail links between Kampala and the Indian Ocean. Those links carry the vast bulk of landlocked Ugan-

ومغاو مراء سراحساسي

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place on Sunday, when government forces fought off a rebel assault on Magamaga barracks near Jinja and then counterattacked a rebel encamoment to the north.

The government said that killed more than 200 members of the Holy Spirit Movement in the two battles and that the rebels had dispersed into small groups.

valle closed the vice president's of-fices last week and dismissed his 18 The government newspaper New fices last week and dismissed his 18 Vision, said on Wednesday that staff members, saying they were an fighting resumed on Tuesday about 17 miles northeast of Jinja, but

on Wednesday in defiance of the government, which has banned the demonstration.

unnecessary expense.

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# Ethiopia Rebels Warn of Raids on Food Convoys

By Blaine Harden
Washington Post Service

NAIROBI — The Ethiopian rebel group that last Friday ambushed and burned a convoy of
UN trucks carrying emergency
food has threatened to attack other

The face-off between the Eritrean rebels and the United Nations
comes as Western donors are trying

certainly cannot start such contact," said David Morton, director
in Ethiopia of the UN's World
brown Friday amtack destroyed about 40 percent
of the UN's long-haul vehicles in
Eritrea and Tigre.

The Jack of Food aid that donors say is tional Development had been conneeded to stave off famine in sidering buying new trucks for
northern Ethiopia. The attack destroyed about 40 percent
of the UN's long-haul vehicles in
Eritrea and Tigre.

The U.S. Agency for Internator in Ethiopia.

unless the rebels were informed in hon people with starvation. advance about the movement of UN convoys, they would assume reach the north by December, dothat the trucks were being used as camouflage for military activities people will migrate into famine

of the Ethiopian government.

"It is not the wish of the EPLF to deter relief activities, but if we are not informed of what is going to happen, we don't have any choice," said Tesfaye Ghermuzian, the state of the relief activities and the relief activities of the relief activities and the relief activities are the relief activities. The attack on Friday, in which rebels destroyed 23 long-haul trucks along with 450 tons of wheat the relief activities are relief. said Tesfaye Ghermuzian, the Washington spokesman for the rebel group, on Tuesday. "We cannot be blamed for any consequences and casualties that might happen."

In the Ethiopian capital Additional reports of the could have fed 45,000 people for a month, was an unexpected setback for relief officials.

"We have lost a lot because of

contact with any organization other than the government, and we jor obstacle to moving the 400,000

food has threatened to attack other comes as Western donors are trying to send supplies of relief food into the northern Ethiopian regions of of that country.

A spokesman for the Eritrean
People's Liberation Front said that

the northern Ethiopian regions of
Tigre and Eritrea, where severe
drought threatens at least one mil-

If large amounts of food do not

In the Ethiopian capital, Addis Ababa, a senior UN official replied that "it is out of the question" for the UN emergency operation to establish contact with the rebels. "In Ethiopia, we don't have any contact with any organization oth-

# Burkina Faso Post Retaken OUAGADOUGOU, Burkina Faso, Captain Blaise Compaore. have coined the former leader, Thomas Sankara, was killed. The garrison at Koudougou 55 miles 100 km.

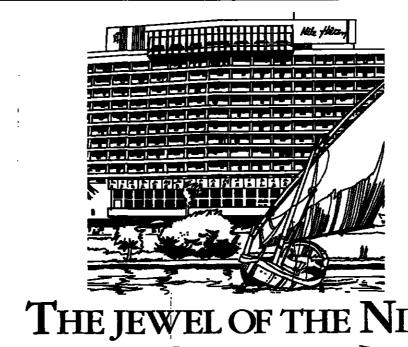
The main object of the protests is
Torrejon Air Base, just outside Madrid, and a wing of F-16 fighter jets

hased to main a partial and a wing of mutinous military garrison whose commander had refused to pledge

gadougon, was captured on Tues-day, apparently without much re-

The Ouagadougou radio said few Socialist Party officials, among
The rebel officer. Captain Bouthere were no casualties, but indethere was being pursued,
Rabone, was being pursued,
Rabone was being pursued,
Rabone was being pursued,
Rabone was being pursued, soldiers were wounded, one seri-Captain Compaore seized power ously, after troops from other garriin a coup on Oct. 15 during which sons marched on Koudougou.





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# Malaysia Seizes 63, Closes 3 Papers as Racial Unrest Rises

By Michael Richardson

SINGAPORE — The Malaysian crument banned on Wednesday all public rallies and closed three newspapers. The police continued to make arrests in a crackdown that officials said was aimed at defusing racial tension.

The arrests, under Malaysia's Internal Security Act, began Tues-day. By Wednesday 63 persons had been jailed, many of them politicians from government as well as opposition parties.

The actions followed weeks of rising racial tension between Malays and Chinese, the country's two major ethnic groups, who share power with the Indian minority.

The power-sharing system has come under strain in recent months. There have been a series of incidents between Malays and Chinese involving education, language and culture, all issues capable of stirring emotion in Malaysia. Some ethnic Chinese have accused the government of attempting to make Malay the dominant culture.

In a speech to Parliament, Prime Minister Mahathir bin Mohamad said that the ban on rallies would apply to a huge meeting planned Sunday in Kuala Lumpur by his party, the United Malays National Organization, known as UMNO

Many people feared that the UMNO rally could spark race riots similar to those in 1969 that caused the deaths of more than 100 people in the Malaysian capital.

Political analysts said that some members of UMNO had asked Mr. Mahathir to take more extreme action, such as declaring a state of emergency, suspending Parliament and running the country through a handpicked council. But they said he had resisted this pressure, arguing that such measures were prema-

Mr. Mahathir, however, did not say when the ban on rallies or the revocation of the newspaper licenses would end. Nor did he say when those arrested would be

Under the Internal Security Act, persons deemed to be a threat to national security can be arrested and held without formal charges and without trial for indefinite, renewable 60-day periods. In an interview, Lee Lam Thye,

deputy secretary-general of the Democratic Action Party, said that the prime minister had ordered the

### U.S., Vietnam Meet on MIAs United Press Intern

BANGKOK — Six U.S. military specialists arrived Wednesday in Hanoi to discuss the recovery of the remains of Americans missing as a improve our economy," he said. "If result of the Vietnam War, U.S. there is no stability, there will be Embassy officials said.

The Associated Press

one of the last great surrealist

painters, died at his Paris home on

Wednesday, family friends quoted

He had been confined to his bed

by Agence France-Presse said.

PARIS - André Masson, 91,

nents and justify his decision to halt the UMNO rally. The arrests apparently began late Tuesday with that of Lim Kit Siang, the

party's secretary-general.
The Democratic Action Party is the main opposition party in Par-liament. While espousing multira-cialism, it draws most of its support from Chinese.

Mr. Lee said that 12 members of the party were detained, including Mr. Lim, who is leader of the opposition in Parliament. Of the 12, 10 were members of Parliament or state assemblies, he added.

Mohamad Haniff Omar, the police inspector-general, denied that the arrests were politically motivated. He described race relations as very tense," adding that if the sitnation was not contained, it could become "chaotic."

Ng Cheng Kiat, secretary general of the Malaysian Chinese Association, said his party supported efforts to calm the situation and maintain peace.

The Malaysian Chinese Association is the largest Chinese party in the ruling Malaysian coalition led by Mr. Mahathir. Five members were among those arrested, party officials said.

The ruling coalition has 13 parties, most of them representing different races. Just over 50 percent of Malaysia's 16 million population is Malay, about 33 percent Chinese and 10 percent Indian.

While most of the 63 politicians, civil rights activists, members of public interest groups and others detained on Tuesday and Wednesday were Chinese, the police said were Malays, including three from the ruling party.

Many of the 63 were critics of the

Param Cumaraswamy, chairman of the Bar Council of Malaysia, a lawyers' association, said in an interview that a number of the Chinese and Malays arrested had

"been voicing extremist views."

Nonetheless, he said that the council opposed use of the Internal Security Act and was seeking reease of all detainees. Mr. Mahathir defended the ar-

rests, alleging that those picked up had constantly questioned Malay rights or raised communal and relius problems. The three newspapers ordered to stop publishing for security reasons were The Star, an English-language abloid controlled by the Malay-

sian Chinese Association; Sin Chew Jit Pob, a Chinese-language daily, and Watan, a biweekly Malay-language paper.

Mr. Mahathir accused them of highlighting sensitive issues. "We are a developing country trying to



Lieutenant Colonel Victor Raphael, center, the U.S. military attaché accused by the Philippine press of meddling in a coup attempt, will be transferred, the U.S. Embassy said.

# ATTACKS: 3 Americans, Philippine Bystander Slain

(Continued from Page 1)

for military personnel to restrict their off-base travel to well-trav-

The killings followed repeated warnings from the Communist New People's Army that they were prepared to escalate their 19-year surgency by attacking American

The most recent issue of Ang Bayan, the Communist Party's official newsletter, carries an unsigned statement in which the party threatens to attack U.S. military facilities and business interests.

Earlier this month, the northern Luzon chapter of the New People's Army held a clandestine press conference for a handful of reporters, and a rebel spokesman, Ruth Firmeza, said, "If there is another coup or martial law, we will hit the U.S. imperialists, all American personnel, military, diplomatic or

The killings outside the air base bore a striking resemblance to the recent spate of slayings in Manila by so-called "sparrow units." or urban assassination squads of the New People's Army.

One of the victims, identified by the Philippine police as Randy A. Davis, 30, of the air force, was walking on a road to a restaurant in Dau, Pampanga Province, when ed next year. three men opened fire on him at

there is no stability, there will be

guns, and then fleeing aboard pro-government troops from attacking the rebel position.

If the Communists are linked to the slayings, it could mark a new escalation of the insurgency which has increasingly taken its campaign of violence from the countryside to the city streets.

Such a turn of events would also pose new policy risks for the United States, which has for the most part avoided being directly drawn into the Philippine counterinsurgency effort.

The last known attacks by Communists against Americans came in the mid-1970s at Subic Bay Naval

Some observers noted that rightist military rebels had been active near the base. They suggested the attacks on the Americans may have been perpetrated by rightist soldiers trying to place the blame on ists and further destabilize the Mrs. Aquino's govern-

The killings occurred at a time of rising Philippine nationalism that has often resulted in anti-American entiment. This comes at a particularly sensitive time, since the leasing agreements for Clark Air Base and the U.S. Subic Bay Naval Station are scheduled to be renegotiat-

This week, the growing anti-American mood was highlighted by Killings by the urban assassina-tion squads have generally fol-military attache. Lieutenant Cololowed the same pattern, with a nel Victor Raphael, who was acgroup of three men or women ap-cused in the press of "meddling" in proaching their victim on a public the Aug. 28 coup attempt by being street, opening fire suddenly and at inside a rebel-held military camp close range with concealed handand at one point trying to dissuade

The U.S. ambassador. Nicholas Platt, has confirmed that Colonel

Raphael was inside the camp dur-

ing the coup attempt, but he maintained at a news conference on Oct. 22 that the colonel was only "doing his job," and that he remained a "trusted member" of the embassy However, as the controversy

showed signs of escalating this week, with both houses of the Philippine Congress announcing plans to investigate, the U.S. Embassy announced on Wednesday that Colonel Raphael would be sent back to the United States this week.

The embassy, in a statement, said that Colonel Raphael's transfer was "no reflection" of his performance and that the charges against him were "unfair and un-

The new Philippine foreign sec-retary, Raul S. Manglapus, said Wednesday at a news conference that the Philippines now should begin to "broaden" its relations to end its heavy dependence on the United States.

"I think," he said, "it's time to renew this attitude and to recognize that we do have also special relationships with Asia, then Europe, and then the United States. It would mean broadening the horizons of our foreign policy."

Some analysts have predicted that Mr. Manglapus's nationalistic tone in foreign policy may make it more difficult for the United States and the Philippines to reach an agreement on retaining the military bases after 1990.

# **DENG:**

### A Request to Stay (Continued from Page 1)

mined course in endorsing the economic reforms introduced by Mr. Deng, Mr. Zhao, and their allies in the government and party.

Another surprise has been a decision by the party to permit a degree of open disagreement among officials at the congress, with the aim of stimulating more lively debate and presenting an image of democratic decision making. The decision to allow a disclosure of the uncertainty over Mr. Deng's future send Mr. Deaver to prison for 25 role seems to fit in with this more years. open style of discussion.

by the congress, is supposed to vote

"Many of us have been trying to persuade him not to quit," said Liao Bokang, party secretary of Chongoing, "and we are also being persuaded to let him leave."

cal Bureau," said Zhao Baojiang, tary James A. Baker 3d. the mayor of Wuhan. "But Comrade Deng Xiaoping

has recently presented an important reason for doing this," said Mr. Zhao, "and I'm weighing the pros and cons. At any rate, I hope he will continue to play an impor-tant role, quit or not."

LET YOU GUESS WHAT I WANT FROM YOU, AND MHAT'LL HAPPEN TO YOU IF I DON'T GET IT.





on charges of providing secrets to the Soviet Umon, some of which enabled them to copy Stinger tech-The sources said Mr. Megaloe-

conomou, the former deputy man-ager of Standard Electric, the Greek subsidiary of ITT, had been formally charged with spying for the Soviet Union.

The officials said the espionage operation was the work of the Athens mission of Soviet military intelligence and of the Military Industrial Commission in Moscow, which coordinates both the devel-opment of Soviet weapons and a

to obtain the circuit design and other data for the basic Stinger With these, they said, they built the SAM-14, which is now the Sovithey did not know if the decision et equivalent of the Stinger and is available on the international mar-

ket at prices somewhat higher than the original U.S. version. The Stinger, which can be carried by one person, has proved capable of shooting down helicopters

Deaver Trial Soviet Ring in Greece

For Perjury Got U.S. Missile Data

By Paul Anastasi

New York Times Service
ATHENS — The Soviet Union, through a military intelligence operation in Greece, acquired specifications for the Stinger missile and developed an almost identical

The officials said Moscow saved

millions of dollars in research costs

that development of a similar

They said the Russians made use

of a Greek agent within the military establishment in the last three years

veapon would have required.

model.

confirmed the incident.

Opens in

Washington

By Bill McAllister

jury has been asked to see Michael K. Deaver's fall from power as ei-

ther the tale of a Reagan adminis-

tration insider anxious to trade on

his position for millions of dollars

in lobbying fees or the story of a dedicated but seriously ill Reagan

loyalist reluctant to leave the side

Those were the conflicting por-traits painted of the former White

House deputy chief of staff as his trial began Tuesday in U.S. District Court here on five counts of lying

to a congressional subcommittee and a federal grand jury.

Whitney North Seymour Jr., the

independent counsel prosecuting

the case, told the jury that this is a

case of a longtime aide to President Ronald Reagan and his wife, Nan-

cy, who "decided to turn that rela-

tionship into personal gain" and

then tried to cover up the contacts he made as a lobbyist, partly in fear of embarrassing the Reagans.

As he ticked off a list of Mr.

Deaver's lobbying clients and stressed the large fees they paid

him immediately after he left the

Mr. Deaver's lawyer, Herbert J.

Miller Jr., disputed those assertions

that the case against his client was "a damnable lie" and that lobby-ing, "a perfectly honorable and le-

gitimate business," was not on trial

hounded by a prosecutor intent on

making a case out of a handful of

answers the former Reagan aide

had made among more than 1,050

answers given in 11 hours of con-

gressional and grand jury testimo-

The issue, both Mr. Miller and

Mr. Seymour agreed, is whether Mr. Deaver "willfully" lied when

he said under oath that he could

not recall certain contacts he made

with top Reagan administration of-

ficials on behalf of his lobbying

As expected from the pretrial disclosure by the defense that Mr.

Deaver was a recovering alcoholic,

lucky to be in court at all, describ-

for kidney failure as a life-threaten-

ing condition that resulted, briefly,

The prosecutor maintained,

ing to cash in on his relationship

his grasp. But then, drawn to the

case by the publicity over Mr.

Deaver's booming business, the in-

vestigators began focusing on Mr.

Deaver's clients, and the deal fell

Mr. Seymour, one of seven spe-

cial prosecutors assigned to handle

five-count indictment that could

These were the deals involved:

wanted to sell the White House a

new \$200 million Air Force One

Canada wanted U.S. action on acid

tional Corp. wanted to build a space station; Trans World Air-

lines wanted to stop a hostile cor-

porate takeover, and Puerto Rico

Mr. Deaver, the prosecutor as-serted, obliged his clients with tele-

phone calls and brief conversations

with top Reagan administration of-

ficials: Secretary of State George P.

Shultz; Elizabeth H. Dole, then the

transportation secretary; Robert C.

McFarlane, then the national secu-

Mr. Deaver testified "truthfully

as far as he could remember," Mr.

Miller said, adding "there is anoth-

er thing" that may have affected his

His drinking problem had got-ten out of hand," Mr. Miller said,

saying that the pressures of Mr. Deaver's White Honse job were

forcing him to neglect his family.

The trial is expected to last three

industries.

memory.

to five weeks.

wanted to retain a tax break for its

rain pollution; Rockwell Interna-

Boeing Co., the aircraft maker,

through, Mr. Seymour said.

some "mental aberrations."

the president

Mr. Deaver, he said, was being

in his opening arguments, saying

White House in 1985, Mr. Seymon

they buying?

of the president he admired.

Washington Past Service
WASHINGTON — A federal

and jet bombers. Developed by General Dynamics, the shoulder-fired weapon weighs about 30 pounds (13.5 kiloasked what he called "a critical question you're going to have to ask yourselves: "Why? What were grams) and has a range of 3.4 miles (5.5 kilometers).

Officials said Wednesday that Michael Megaloeconomou, a 37-year-old Greek, would stand trial

weapon, according to a Greek secu-rity official with immediate knowl-edge of the case. A Western official They said a trial date had not yet The development means that the Russians gained the technology for Two other employees of Standard Electric had been charged a portable missile whose extreme with negligence but not with specific espionage activities, they said. effectiveness has been demonstrated by Afghan guerrillas fighting

> worldwide program to acquire Western technology. The United States subsequently stopped producing this particular Stinger model, but the officials said

was related to the Greek incident. The officials said the U.S. and Greek governments had discussed the case and had improved their cooperation to prevent any further loss of military-oriented technol-

The case caused considerable friction between the United States and Greece and slowed delivery of U.S. military supplies, including jet fighters and other sophisticated technology. Greece signed an accord last year specifying that it would take measures to prevent the

# **Moscow Offers to Allow** U.S. Inspection of Radara

By Michael R. Gordon New York Times Service WASHINGTON - The Soviet Union has offered to allow U.S. officials to inspect two radars that some conservative senators assert may violate an arms control ac-

istration officials. The offer was made last week when Secretary of State George P. Shultz had talks in Moscow, officials said

cord, according to Reagan admin-

One said the Reagan administra-tion was "digesting" the Soviet of-fer and had not decided how to

Mr. Miller told the jury that his client's "drinking problem had gotten out of control" in 1985. The proposal follows other offers on Soviet military activities. In September, the Soviet Union al-Mr. Miller said Mr. Deaver was lowed a congressional delegation to inspect its disputed radar at Kras-noyarsk in Siberia. Earlier this ing Mr. Deaver's 1985 admission to Georgetown University Hospital month, Western officials were granted limited access to the chemical weapons site at Shikhany, about 550 miles (900 kilometers)

Mr. Deaver, he said, was "not southeast of Moscow. that kind of man" who would try to The latest offer came after the trade on his close relationship to administration privately expressed concern about the radars. They are outside an electronic installation at however, that Mr. Deaver was try-Gomel, southwest of Moscow.

Soviet officials are said to have and that at one time a contract to denied that the radars constitute an sell his lobbying business for up-ward of \$16 million seemed within arms control violation. The matter is seen as being of more political than military importance. At issue are two types of old

cases of alleged corruption in the zakhstan and on the Kamchatka periphery of Soviet territory or ori-Reagan administration, laid out the Peninsula in the Far East. The Rea-ented outward as the treaty regan administration said that there quires.

was "ambiguous" evidence that the radars were a "potential" violation of the 1972 ABM treaty, which bans mobile ABM radars.

Earlier this year, the State De-partment said most of these radars had been removed or dismantled. But one Pawn Shop and one Flat Twin radar were detected recently at an installation in Gomel. Conservative Republican sena-

tors, seeking to portray the Soviet Union as a treaty violator, have seized on the issue. Senator Jesse Helms, Republican of North Carolina, sent a letter to Mr. Reagan along with 19 other Republican senators demanding a report about the "purported new violation" before any new treaty banning medium- and shorter-range missiles is

Some administration experts say there is no firm basis for charging 2 violation. They say that it is not clear what the Russians are doing with the radars and that charging a violation could expose the United States to countercharges. But hardliners in the Pentagon have been pressing the administration to charge the Soviet Union with a vio-

The old radars are housed in vans at Gomel. Soviet officials are reported to have offered to let U.S. officials visit some of the old radar components near Moscow as well as at Gomei.

At the Moscow meeting, Soviet radars, dubbed Pawn Shop and officials also informed the United Flat Twin by intelligence experts, States that Moscow was halting that were first observed 15 years work at the Krasnoyarsk radar for ago. Several of these radars had one year. The United States has been kept at anti-ballistic missile charged that the radar violates the test ranges at Sary-Shagan in Ka- ABM treaty because it is not on the

# REAGAN: Soviet Official to Visit

(Continued from Page 1)

ing strategic offensive reductions hostage to measures that would cripple our Strategic Defense Initiative — particularly since the Soviets are already spending billions on a strategic defense program of

■ Talks to Focus on Treaty The Associated Press reported earlier from West Point: The White House spokesman

Mr. Fitzwater, said the talks with Mr. Shevardnadze on Friday in Washington would focus on a nearly completed treaty banning intermediate-range nuclear missiles as well as on negotiations to curb strategic weapons and a possible sum-mit meeting.

Mr. Fitzwater said tentative plans called for Mr. Reagan to meet with Mr. Shevardnadze early Friday afternoon before the president leaves for Phoenix, Arizona where he will attend a memorial service on Saturday for his wife's mother, Edith Luckett Davis.

Of the prospects for reaching an agreement on an intermediate-

range nuclear force treaty. Mr. Reagan said Monday that although there might still be details to be worked out, "we do believe that it is going to be signed."

The Senate, in a 93-0 vote, appropriated \$8.5 billion for military onstruction projects on Tuesday, but omitted money for cruise mis-sile sites in West Germany and the Netherlands in hopes of a U.S.-Soviet agreement to eliminate the ZEOGRŚW. The Senate bill includes lan-

guage urging U.S. allies in Europe to assume a greater role in defending Europe and to pay a bigger share of the military costs, but it contains no specific goals.

U.K. Highway Crash Kills 12

PRESTON, England, - Twelve persons, including three children, were killed Wednesday when a petroleum tank truck exploded and burned in a highway accident near this northwestern town, a hospital spokesman said.



referred to himself as a "painter by Mr. Masson was among the di-verse group of painters and writers who developed what became known as the "surrealist group" in the early 1920s. It was nourished by the postwar blossoming of artistic movements and the cumulative effect of such authors as Charles Baudelaire and Guillaume Apolli-naire. André Breton's "Surrealist

losophy. "For us, surrealists of 1924, the great prostitute was reason," Mr. Masson wrote in "The Pleasure of Painting" (1950). "It was cool reason, after all, that had led mankind into the war to end all wars."

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GENEVA GINGER'S

Manifesto," published in 1924,

helped define the movement's phi-

society to realize art's role as a social dynamic.

André Masson, Surrealist Artist, Dies

"All are in reaction to some-

thing," Mr. Masson said, "Surrealism was part of an attitude that and reportedly had not painted for said, we have to have something

One of the prime movers of the surrealist movement, Mr. Masson by that attitude. "Each painting has to find its style and be something

> were forbidden — like realism. Me, I allowed myself to do anything."

north of Paris, he was attracted to painting as a youngster. He was admitted to the Belgian Académie Royale des Beaux Arts in 1907. His which he was gravely wounded, marked much of his later work. During World War II, Mr. Mas-

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Mr. Masson continued to stand

new," he once said.

son fled to the United States, where he lived from 1941 to 1945.

"It was a fine thing, a little community of artists with its own rules and membership," he said of the surrealists. "There were things that

Born Jan. 4, 1896, in Balagny.

"Rational" painting, they beings include "Broceliande" (1937), lieved, was too deeply embedded in "Le Labyrinthe" (1939) and "L'Assassinat de l'Automate" (1941). In 1965, he painted the ceiling of the French National Theater of the

Mr. Masson also illustrated books and designed ballet sets. His work is displayed in galleries and museums of contemporary art in Europe and the United States.

Jean Hélion, 83; French Realist Painter

PARIS (AP) - Jean Helion, 83, a noted contemporary French painter, died early Wednesday, family members said. He is to be buried Monday in

Paris's Montparnasse cemetery, they said. One of the pioneers of the abstract school of painting, from 1929 experiences in World War I, during to 1939, Mr. Hélion eventually moved toward more realistic works that concentrated on daily life.

In 1939, after introducing curves and rounded forms into his work, he totally abandoned the geometry Some of his best known paint- of the abstract style.

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André Masson

Mr. Helion eventually introduced symbolism, using such objects as a loaf of bread, a bowl of soup and a black umbrella to portray the ordinary work-a-day

Born April 21, 1904, west of Par-Mr. Helion came to painting without training and signed his first work, a watercolor, at the age

His paintings hang in modern art galleries around the world.

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that is likely to follow a predeter-

Leaders from the cities of Shenang, Guangzhou, Chongqing, and Wuhan created a stir at a press conference when they were asked to give their views on Mr. Deng's plans to retire from the Politburo. A new central committee, elected

in secret for members of a new ruling Politburo. But Mr. Deng has told foreign visitors on several recent occasions that he intends to resign to make way for younger

"I hope he won't quit the Politi-rity adviser; and Treasury Secre-









YOU GET 90%

OR I GET

largement of the ridge indicated

that the muscles there were larger

than usual presumably the result

of stresses of habitual throwing. He

speculated that the man could have

been a left-handed baseball pitch-

In this case, the clue did not lead

to an identification of the remains;

other police investigations did that, and also turned up the fact that the

man had indeed been an amateur

softball pitcher for 20 years. Dr.

Kennedy was encouraged to be-

lieve in the validity of occupation

stress markers in forensic anthro-

Subsequently, he studied the skeletons of Ice Age people found

in central India and noted a high incidence of the same hyperdeve-

loped supinator crests in the right

arms of the males, but not in the

From this and other studies, Dr.

Kennedy concluded in a 1983 re-

port that this was a reliable marker

of hunting people who used spears,

Another clear example of occu-

pational stress on the skeleton was detected in a 3,000-year-old Egyp-tian mummy. The finger bones of the right hand showed signs that

ligaments were attached in a way

attributed to flexion of the fingers

in a firm grasp, as in the hold on a stylus. This made sense, because

the mummy was identified from

historical sources as a scribe. And other bones indicated that the man

bolas, slings and boomerangs.

# SCIENCE

### Tie Between Creativity and Insanity

-WASHINGTON (WP) — A study of well-known creative writers confirms the long-held view that there is a link between "genius" and "sisanity." Fighty percent of the writers were found to have suffered at least one episode of mental illness, usually manic-depressive illness or depression, compared with 30 percent of a group of nonwriter professionals matched for IQ. age, sex and socio-economic status.

The study, done by Nancy C. Andreasen, a psychiatrist at the University of Iowa medical school, was published in the latest issue of the ty of lowe medical scarcol, was published in the latest issue of the American Journal of Psychiatry. Dr. Andreasen studied 30 writers, all drawn from the visiting faculty of the University of Iowa Writers' Workshop. Faculty members have included Philip Roth, Kurt Vonnegut, John Irving, Robert Lowell, Flannery O'Connor and John Cheever.

Dr. Andreasen said she was looking for a link between creativity and schizophrenia, a disease that leads to unusual perceptions that might give use to creative ideas. Neither group contained a schizophrenic. Depresgive illnesses led two writers to kill themselves during the 15 years of the sudy. In addition, the writers were four times as likely to be alcoholics.

These results do suggest that affective disorder (which includes maniodepressive illness) may produce some cultural advantages for society as a whole, in spite of the individual pain and suffering that it also causes.

### Study Questions Low-Sodium Diets

BOSTON (AP) — A preliminary study has questioned years of doctors' advice to patients with high blood pressure that they eliminate sodium from their diets. The study of five men with hypertension confirmed that table salt clearly aggravates high blood pressure, but it also suggested that many other forms of sodium have no effect. The finding needs to be tested in larger studies, said Dr. R. Curtis Morris Jr. one of the authors of the report, but it "may change the conventional wisdom about sodium and salt." Table salt is sodium chloride. Other sodium compounds include sodium bicarbonate, or baking soda; sodium ascorbate, a form of vitamin C; the flavor enhancer monosodium glutamate and such preservatives as sodium benzoate and sodium nitrite.

"For many years, the words 'sodium' and 'salt' have been used interchangeably," said Dr. Morris. "That was because people thought that the only part of salt that was important was the sodium component. We are suggesting that it's not just sodium. It's sodium and chloride."

from gripping the saddle horn while flying off horses in rodeos — The five men's blood pressures rose sharply after they were given salt or mechanical bulls in barrooms. supplements for a week. But when they received the same amounts of sodium citrate, a common additive in many foods and drinks, their blood sodium citrate, a common additive in many roous and unitary at Boston University School of Medicine, said the finding is important for researchers to pursue but doesn't affect doctors' advice to their patients with high blood pressure. "Perhaps the most important piece of all this is that it and gets us off the too-narrow point of view that it's sodium alone that's neth A.R. Kennedy, a professor of ecology and systematics at Cornell

### Mice Produce Human Heart Medicine

... NEW YORK (NYT) -- Scientists have transplanted the gene for a jamman protein, considered promising as a treatment for heart attacks, into female mice, causing the animals to produce the substance in their milk. Eventually the researchers hope to use large animals such as goats er cows as living factories for inexpensive, high volume production of the

The protein, tissue plasminogen activator, helps restore circulation in the heart muscle by dissolving the blood clots that caused the attack.

"Although many technical hurdles remain, the data presented here demonstrate that transgenic animals may become an attractive alternative for future production of genetically engineered biologically active proteins," according to a report in the journal Bio-Technology.

### A Life's Story HE life one lives can leave an indelible mark on the bones, **Written in Bone**

By John Noble Wilford

New York Times Service

and anthropologists are perfecting their ability to find in human skele-

tons chies not only to diet and

disease but also to the daily activi-

ties and occupations of people long

In a particular enlargement of

the ulna, one of the two forearm

bones, an anthropologist can begin

to reconstruct the image of a spear-

throwing hunter. In the skeleton of

a modern American, such an en-largement makes it likely that he was a baseball pitcher in his youth.

are the marks of someone who

These features are common in the skeletons of modern Maoris of

New Zealand, Australian aborigi-

nes and villagers in the Punjab,

people who prefer squatting to sit-ting. Similar abnormalities show up

teoarthritis of the spine and tiny fractures in the neck area that af-

flict Acapulco chiff divers who re-

peatedly hit the water head first;

irregularities of the lower jaw at-

tributed to a career of playing the

clarinet; golfer's toe; dog-walker's elbow, and cowboy's thumb, which

results from the multiple fractures

Drawing on his experience as a

forensic anthropologist, as well as

the records of industrial and sports

medicine and paleontology, Ken-

University and a specialist in Asian

anthropology, has compiled the

first list of more than 140 estab-

lished skeletal markers of what he

helps paleontologists re-create the living conditions of thousands of

tive tool of forensic scientists who

try to identify the remains of peo-

eases and age at death. A thicken-

ple who died more recently.

Knowledge of these markers

calls occupational stress.

in Neanderthal skeletons.

spent much of his life squatting.

The abnormal facets and grooves at the lower end of the tibia, the shinbone, and at the hip and knee Forensic anthropologists are learning to identify signs of occupational stress in human skeletons. This helps scientists reconstruct the way people



the upper forearms of Ice Age



Abnormal facets at the base of the spine are linked to pressures of carrying infants, as children on their backs.

Enlarged crest on forearm is the result of habitual

Skeletons Give Clues to Work, Burdens of Life

Imegularities have been unted in





spent much of his life in the crosslegged posture of Egyptian scribes. Forensic anthropologists conceded that these were easy cases because the behavior of the subjects was already known or later established by other means. But the experience gave them confidence in their analytical techniques.

They also cautioned that, in all cases, other information will be necessary in making positive identifications of a person's activities. For example, a nearly identical bony surface tumor is found in the humerus, the long bone of the upper arm, of javelin-throwing Stone Age Saharans and modern golfers.

A complete and more reliable reconstruction of someone's life must be inferred from ethnographic accounts and archaeological and historical sources, anthropologists

Still, with a detailed examination of a skeleton, Dr. Kennedy said he

Prompt restoration of blood flow helps minimize damage to the heart.

The transplanted gene was an artificially produced hybrid that included genetic material of a mouse gene that helps regulate milk production and the human gene for production of the complex blood substance.

years ago and has become an effec- ing of cell tissues in the spongy area British anatomists and surgeons in of bones, for example, is evidence that the bones were trying to pro-duce enormous amounts of red

Dr. Kennedy's analysis of stress markers will be published next year as part of a book, "Reconstruction of Life from the Skeleton," edited by him and M. Yasar Iscan, an Spectroscopic analysis of finely ground bone can yield dietary clues. People who were basically anthropologist at Florida Atlantic University in Boca Raton. meat eaters would have an excess of copper and zinc in their bones. Those who were primarily vegetari-A careful examination of bones can reveal maturation patterns of ans would have more magnesium prehistoric people, nutrition, dis-

Dr. Kennedy acknowledged that

the late 19th century were among the first to recognize that the skeleton may reveal a broad spectrum of irregularities that could be related to life habits.

In autopsies of workers, they noted a pronounced curvature of the spine toward one side that resulted from a life of carrying heavy loads. They saw evidence of spine curvature and pelvic deformation from long periods of sitting at a weaving loom, combined with poor

an Institution in Washington, awakened interest in recent years in applying the methods to studies of early cultures. He correlated skeletal changes in the pelvis and lower body, a typical case for forensic limbs of ancient Greeks to stresses anthropologists.

from walking in rough terrain, and identified many diseases that af
Kennedy said he saw the "hyperflicted ancient Aegean people and development" of the supinator prehistoric Americans.

a few years ago when the remains are attached to the bone. An en- ball pitcher.

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airports across

the USA, there are

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J. Lawrence Angel, who died last of an unidentified person were year and who was curator of physical anthropology at the Smithsoniprobably frozen to death, and his body was found weeks later, after the snow had melted. The police were seeking help in identifying the

crest on the ulna of the left forearm conceivably could identify a clari-Dr. Kennedy became interested — the ridge where certain muscles

net-playing kayak-paddling base-

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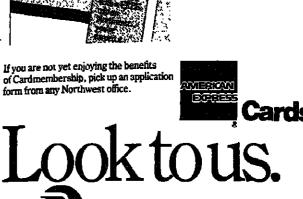
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**NYSE Most Actives** 

Dow Jones Bond Averages

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Dow Jones Averages

Standard & Poor's Index

Long Term Security, Short Term Liquidity

Money you can trust.

NASDAQ Diary AMEX Stock Index

Odd-Lof Trading in N.Y.

firms. The British government has said that it would decide on Thursday whether to postpone

"If that goes through, and the price is not reduced, it's going to be real hard to find buyers, and a lot of the U.S. investment houses are going to be on the hook for hundreds of millions of dollars," said Jack Baker, head of the equity trading desk at Shearson Lehman Brothers. Most traders remained cautious about the

'That's the way it's going to be - bounce,

ties, said that the continued curbs on program

(AP, UPI, Reuters)

intBk wi intstPw inPw pl intSec iowifG iowaRs ipalco ipacc 1.96 9,1 2.28 9,6 .40 5.3 3.04 8.4 1.56 7.1 .36 3.8 2.24 5.3 1.44e19.5

| 13% | 12% | 146e|15 | 92 | 772 | 776 | 776 | 150 | 146e|15 | 92 | 772 | 776 | 776 | 150 | 146e|15 | 92 | 772 | 776 | 776 | 150 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 160 | 1

John Late

Div. Vid. PE 1985 High Low Good. Ch'ee MARKETS: Dow Unchanged, Most Stocks Fall

the European Community's executive Commission, said that the United States was prepared to let the dollar fall to 1.60 Deutsche marks, a level it has never touched. On that news, heavy selling of the dollar and stocks resumed.

(Continued from Page 1)

Market Sales

NYSE Diary

"There were plenty of people looking to exit the market when it was up, and the Delors remarks were good reason to sell," another After the market closed, the U.S. Treasury denied that Mr. Delors's remarks reflected U.S.

government policies. "What it comes down to," said Hugh John-son, an economist with First Albany Co., "is this market is very scared of a breakdown in economic cooperation between the U.S., Japan,

and Germany. It is afraid we will slip into an each-man-for-himself world."

The market is also very afraid of the yawning U.S. budget deficit and its depressive effect on U.S. economic growth. As if to try to soothe these concerns, the Treasury Department re-ported after the markets closed Wednesday that the U.S. budget was in surplus by \$15.27 billion in September, compared with a deficit of \$3.93

It also confirmed that the budget deficit for fiscal 1987, which ended Sept. 30, narrowed by one-third, to \$148.0 billion, compared with the record deficit of \$221.14 billion in fiscal 1986.

Adding to the market's problems on Wednes-day was the preoccupation with the £7.2 billion (\$12 billion) offering of shares of British Petroleum Co. by the company and the British government. The U.S. portion of the offering is being underwritten by four U.S. brokerage

market's future direction.

"Any bounce that you're going to see will be followed by a basic downtread," predicted Larry Wachtel, a market strategist and first vice president of Prudential-Bache Securities Inc.

On the positive side, Hildegarde Zagorski, a market analyst with Prudential-Bache Securitrading has allowed some smaller investors to re-enter the market with less fear of being sud-denly pounded by a futures program. "We are seeing some signs of nibbling and some institutional bargain hunting," she said.

DPL Inc., the holding company for Dayton Power & Light, was the most active NYSE-listed issue, slipping % to 23%.

AT&T followed, rising 1% to 28%.

Philadelphia Electric was third, slipping ½ to

Dow Chemical was up 1% to 66; International Business Machines was unchanged at 118 and Exxon was down 21/4 to 403/4.

18% — 14 63 +5% 100 —4 112% —1 % 12% — 2 15% — 4 15% — 4 15% — 14 15% — 14 25% — 14 26 — 14 28 — 14

.90 S.0 8 564 1 .86 3.4 72 113 1 .25 500 1 .800 2.5 5 20 2.20 4.8 31 669 3.50 9.5 67 1.100 3.3 8 7 2.72

| Section | Sect

### Commit Commi 

### **ECONOMIC SCENE**

# U.S. Market Is Learning To Dance to Foreign Tunes

By DAVID E. SANGER New York Times Service

EW YORK - For as long as the American economy EW YORK — For as long as the American economy has dominated the world scene, the New York Stock Exchange has whistled the time that foreign stock exchanges have followed. In recent days, however, the

exchanges have followed. In recent days, however, the usual order has sometimes been turned on its head.

A rise or fall on the Tokyo market, or smaller exchanges in London or Hong Kong, appear to have influenced the day's trading on Wall Street. It happened again Tuesday, when early-morning reports of near-record gains in Asia and limited advances in Europe suggested a modest recovery for U.S. markets.

"For days everyone just kept passing the bear market around the time clock," Barton M.

Biggs. managing director of Morgan Stanley & Co., said Tuesday. "When Tokyo broke the pattern, it made all the difference."

On Wednesday, in contrast,

On Wednesday, in contrast,

Tokyo, London and Hong Kong appear to have influenced

falls in Tokyo and London presaged a sharp early drop on Wall Street.

New York. If Asian investors and the Tokyo market are increasingly taking a leadership role, it is a curious kind of leadership. American investors appear to be looking to Japan to assess its reaction to American events. The magnitude of the Japanese reaction will then frequently dictate

to have influenced

the U.S. markets' response. Such circular behavior has left many investors wondering how to tell the leaders from the followers. The answer lies in reasons as

disparate as time changes and technology, overseas investing and foreign financing of the U.S. budget deficit.

In part, the trading impetus follows the sun in a daily global relay race. By the time the New York exchange opens, car and

portable radios have been chattering for hours with closing results in Asia and midday prices in Europe.

And timing can be everything. The Hong Kong exchange is smaller than the Amsterdam exchange, though doubtless a more important indicator of the regional economy. Few hear about trading in the Netherlands because it is largely overshadowed by the near-simultaneous trading in New York and London.

NFLUENCE is also a function of size. Last April, for the first time, Japan's stock market became by some measures bigger than the market in the United States, and the gap has widened significantly in recent days. Ten years ago, few in the United States would have even known how the Tokyo exchange

More importantly, geographical limitations no longer dictate where investors place their money. Until the market collapse, Japanese investors were buying American stocks at an annual rate of \$15 billion to \$20 billion, or five times as much as they purchased in 1986, according to stock exchange estimates. Meanwhile, more and more American investors were active in Tokyo, often trading in the shares of Western companies listed on more than one exchange.

Perhaps the most important linkages between markets, however, are technological and political. Nowadays, traders can move money between markets in a flicker of a computer screen. In New York, such moves often happen between 9:30 A.M. and 10 A.M., the critical first half-hour of trading. At that time, American investors are still plotting their day, European traders are back from lunch and the Japanese have already left overnight instruc-

"The major bulk of the market's movements this year occurred in the first half hour," setting the tone for the day, said Laszlo Birinyi, manager of equity markets at Salomon Brothers. The political connections are more subtle. By turning to

foreign capital to finance the U.S. budget deficit, the United



A sidewalk preacher outside the New York Stock Exchange.

# NYSE's Travails Draw the Curious

### Crowds of Onlookers Gather for Market 'Deathwatch'

By Eileen V. Quigley
Los Angeles Times Service

NEW YORK - As the New York Stock Exchange strains under heavy trading, visitors from around the United States and the world are packing the streets surrounding the exchange during the shortened trading hours. They are curious to see history in the making, to keep up what one observ-er called the stock market's "deathwatch."

The area surrounding the exchange has the ap-pearance of a movie set. The streets of the financial district are lined with television vans. Bundles of electrical cables hug the sidewalks and snake up the sides of the exchange building. Onlookers gath-er outside the exchange's exits, blocking traffic on

make his first trip to the exchange, and he admitted

to having a certain ghoulish curiosity.

"I just wanted to see how busy it is, how crazy it is. It's also a historical event," Mr. Dalzell said. "I'm here just to say we came and saw it and, hopefully, survived.

His companion, Susan Saitow, also a planner at Hutton, said she had been trying to get into the visitors' gallery each day since last week's plunge, but the lines around the outside of the exchange dissuaded her. Finally she decided to grab her

hunch from a hotdog stand and wait in line.

Exchange employees have kept the crowds moving quickly and limited their time in the glassenclosed gallery, so visitors generally waited only 30 to 45 minutes for the chance to peer down to the Mike Dalzell, a financial planner with E.F. Hutton & Co., was standing in line Tuesday during his lunch hour. He said the record 508-point drop on "Black Monday," Oct. 19, had prompted him to 20 percent to 30 percent more visitors than usual. traders and clerks scurrying from booth to booth on the floor of the exchange. New York Stock Exchange officials estimated that they are seeing

underwriters.

# Stocks Slide in Europe, Pulled Down by Dollar

PARIS - European stock markets took a beating on Wednesday, as renewed worries about the effect of the plunging dollar on the world economy dissolved the fragile rally of the day before.

Share prices fell by near-record amounts in several cities, and companies with strong business ties with the United Stated fared especially poorly.

Early in the day most attention was focused on the dollar. The U.S. currency slid below 1.75 West German Deutsche marks and 139 Japanese yen and only coordinated buy-ing by the U.S., Japanese, West German, British, Swiss and Italian central banks kept it from sliding further, dealers said.

Attention shifted in the European afternoon to Wall Street, where trading was just getting under way. But the first activity there — a 65 point drop in the Dow Jones industrial average within the first 30 minutes of trading—only added to the queasiness of investors in Europe, and share prices in London, Paris and Frankfurt plunged to their lows of the day.

In London, shares lurched sharply lower in midmorning from an already depressed start as worries about the falling dollar triggered another wave of nervous selling, dealers said.

Within 90 minutes of the opening the FTSE 100-share index was



A cluster of Swiss peering Wednesday at world stock prices displayed in a Zurich bank window. The Zurich market fell.

down 73.9 points, or 4.3 percent, from Tuesday's finish, and after Wall Street opened the FTSE hit its day's low, down 105 points. That its day's low, down 105 points. That put the index below the 1,000 level. which had not been breached since last November.

But traders said that buyers moved into the market after this, and the FTSE closed at 1,658.40. down 44.9 points, or 2.6 percent, for the day. On Tuesday it gained 19.2 points, or 1.14 percent.

Money market dealers said speculation was strong that the British government would soon stimulate another half-point cut in base rates to underpin the stock market. Last

In Paris, the all-share Bourse indicator fell 9.7 percent, matching the record fall on Oct. 19, which the French press has dubbed "Bloody

Share prices opened sharply lower, with the bourse indicator sliding 7.44 percent on heavy speculative

Dealers said prices were being pulled downwards by the dollar and the declines on Wall Street. The Bourse indicator had edged up See EUROPE, Page 14

# U.K. Government's Sale of BP Shares Is a Flop

Watten Getler

International Herald Tribune LONDON — The British government's £7.2 billion (\$12 billion) offering of shares in British Petroleum Co. became a stunning flop Wednesday, when it emerged that investors had turned their backs on

Because of the sharp slide in BP's share price in line with the past week's collapse of international markets, the failure of the issue had been widely expected.

BP's share price closed at 256 pence Wednesday in unofficial trading in London, a discount of 74 pence to the 330 pence per share offer price that was set two weeks

By the official close of the offer

lion requests for prospectuses on the sale. The government, which is now weighing whether to cancel or London brokerage said: "Opinion postpone the issue, had hoped to among analysts here is that it will attract up to 5 million public subscribers to the issue.

Unless the government decides on cancellation, British and over-seas underwriters will be forced to take up the shares at a loss of up to £l billion.

Nigel Lawson, Britain's chancellor of the Exchequer, said that he will announce a decision by Thursday whether to proceed with the sale. A decision needs to be taken by Friday, when official trading in the shares begins on the London Stock Exchange.

Despite efforts by representa-

There was speculation Wednestives of the offer's 17 prime British 200,000 to 300,000 applications for underwriters to persuade the Brit- asked Mr. Lawson to cancel the sell off state companies and make shares had been received. That con- ish Treasury to cancel, the consen- sale for fear that the issue would shareholders of millions of Britons.

sus among analysts is that the issue will go ahead. severely depress BP's share price for months, if not years.

BP is issuing 1.5 billion new As one senior oil analyst at a shares to the government as part of the overall £7.2 billion offer. If the offer is canceled, the placement of London brokerage said: "Opinion go ahead because it's difficult to those shares with the government will not proceed, thereby depriving imagine the underwriters producing a sufficiently compelling argu-ment to persuade the chancellor to the company of funds earmarked accept the political damage that would follow. That is, from being seen to bail out City and overseas for corporate expansion.

A BP spokesman said he could not comment on speculation about the company's alleged urging of a government cancellation of the of-"To pull out now would set a gov dangerous precedent on underwrit- fer. ing — a fall in stock markets is

But the spokesman acknowledged that BP's chairman, Sir Peter Walters, had met recently with Mr. matter how steep the fall," said the analyst, who spoke on condition that he not be identified. Lawson to discuss the sale, which was to have been the biggest yet under Prime Minister Margaret hat BP's management had. Theycher's ambitious program to

# West German Police Expand Currency Inquiry at VW

BRAUNSCHWEIG, West Germany — A state prosecutor's office said Wednesday it is investigating further possible illegal currency transactions by bank and Volkswagen AG employees, in addition to a fraud that cost VW 473 million Deutsche marks (\$270 million).

VW suffered more losses than those uncovered last March, the weekly magazine Stern has reported. It said VW currency dealers had skimmed profits of more than 10 million DM. A spokesman for the Lower Saxony prosecutor said he could not confirm the details of the article but said the investigation into the fraud was ongoing. In separate report from VW's headquarters in Wolfsburg, the

company said Wednesday that it had canceled a presentation to bankers scheduled for next Monday. The move comes amid speculation that the Bonn government's decision to sell its 16 percent holding in the automaker may be delayed. In recent days, VW's stock has fallen sharply. The shares closed at

288 DM Wednesday, off 21 DM on the day, reducing the value of Bonn's holding to 1.38 billion DM. It was 1.75 billion on Oct. 16. West German press reports have said the presentation, which would have been made at Dresdner Bank AG in Frankfurt, was a prelude to the government's sale of its stake in VW to private

upon our already strong capital Theobald is reversing the direction

# **Currency Rates**

Cross R	ates							. 0	a. 28
	5	•	D.M.	F.F.	11.1	Gldr.	B,F.	S.F.	Yen
Amsterdom	1.97	3.373	L1256	0.3358	0.1555 *	_	5.397	1.2675	1.4164
Brussels(g)	34,5175	62,4875	20.8435	6.224	2.877 *	13.537	_	25.34S	0.7474
Frankfurt	1.2451	2.996		0.2984	0.1381 *	0.8885	4,794 *	1,2144	1.258
London (b)	1,7105		2,997	10.0475	2,173,00	3.373	2515ه	2.07	238,00
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# **Interest Rates**

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# Asian Dollar Deposits

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CVH

# U.K. Mulls Capital Standard For Foreign Securities Firms

LONDON — Foreign companies that operate securities businesses in Britain would be required for the first time to set aside a specific amount of capital to compensate investors in case of bankruptcy, under a draft proposal.

Under the proposal by the Securities and Investments Board, higher capital requirements would be set for firms whose parent companies are subject to less rigorous supervision in their home countries. Banking sources said that Japanese firms might be hit particularly hard if the draft rules were approved.

The concern with capital adequacy has preoccupied British regula-tors, who are fearful about damage to London's financial markets and the world banking community should a major bank collapse. Capital adequacy rules are aimed at ensuring that firms do not take

on greater risk than they can handle. If a firm incurs deep losses as a result of its securities business, a minimum of capital ensures that there will at least be enough funds to pay off creditors and investors. No capital adequacy rules now exist for foreign firms in Britain. Regulators believe that allowing such firms to operate without those

dards gives them a competitive advantage over U.K. institutions. Rules applying to British banks and securities firms already have been proposed publicly, and a final draft is being prepared.

According to the Bank of England, branches of foreign securities

firms would be covered by the new rules, as well as 254 foreign banks operating in Britain. Any foreign-owned bank involved in more than minimal securities activities would have to set aside capital in a separate account to be

recorded on the books of the parent institution. The minimum capital required would be the total of the investment position risk, risk requirements of counterparties and the fixed assets of the British branch itself. For banks in the securities business whose home-country supervision is inadequate by British standards or whose supervisors refuse to

share information with the Bank of England, the proposed requirements are much stiffer. Each branch would be required to post a deposit or a performance bond in Britain that at least exceeds its liabilities to investors, other business customers and professional counterparties, the draft propos-

The Securities and Investment Board noted in the draft that some of the firms affected by the rules might wish to incorporate in Britain in order to avoid the hefty capital requirements.

is pleased to announce the transfer of its offices on November 2nd 1987 from 43 Avenue Marceau to

8, Rue Bellini - 75116 PARIS Tel.: (1) 47 27 20 21 Telex: 640013 - Telefax: 47 27 04 71

# **Continental Illinois Announces Restructuring**

sell several of its international op- and transaction support. erations, all of its Chicago-area The number of people to be relo- our stock in the future," Mr. Theo-

exactly what one underwrites, no

municipal securities business. The announcement of the restructuring plan followed the House Telecommunications and Finance subcommittee announcement Tuesday that it would investigate allegedly improper loans made by Continental to bail out its First Options of Chicago subsidiary.
The options-clearing firm,

bought last year by Continental for \$135 million, was badly hit during last week's stock market collapse.

Continental acknowledged exceeding loan limits to First Options and signed an agreement with the federal comptroller promising to prevent any reoccurrence. The amount of the loans was not disclosed.

On Monday, Continental said it may post a moderate fourth-quar-ter loss because of a \$90 million loss at First Options.

Continental declined comment on the investigation, but a spokesman for the bank holding company said that developments with First Options had no bearing on the bank's long-range plans.

The company said its new corporate strategy calls for it to redeploy tial, a stronger asset-liability strucassets and manpower to sharpen its ture and the means to improve

> THORNTON INTERNATIONAL OPPORTUNITIES FUND (formerly The Establishment Trust) Investment Company with Variable Capital

At the Extraordinary General Meeting held on September 9, 1987, the Articles of Incorporation were amended so as to change the name of the company into "Thornton International Opportunities Fund."

Piease return your share certificate(s) relating to your holding in the company by 30th November 1987 in order that it they may be officially stamped to reflect this change. After that date the share certificates will be no more of good delivery at the Luxembourg Stock Exchange and the shares will be listed at the Luxembourg Stock Exchange under the new name of the company.

The certificate(s) should be returned to:

Kredietbank S.A. Luxembourgeoise (Lasting and Paying Agent) 43. bouleward Royal 2955 Luxembourg Grund Duchy of Luxembourg

Bermuda House, St. Julian's Avenue St. Peter Port Guernsey, Channel Islands

The Bank of Bermuda (Guernsey) Limited P.O. Box 208

Compiled by Our Staff From Dispatcher focus on serving business custom-CHICAGO — Continental Illi-nois Corp. said Wednesday it will risk management, market making, one our shareholders and en-

community banks, and leave the cated or cut from the payroll, and bald said.

The bank holding company plans to sell some international operations and its Chicago-area community banks, and leave the municipal securities field. The aim is to sharpen the focus on business customers.

The bank, with eight overseas offices and 14 foreign branches prior to Monday's board meeting, said it would sell operations in Brussels. Madrid, Seoul and Taipei.

The new chairman of bank, Thomas C. Theobald, who came to Continental in August after serving 27 years at Citicorp, spent two months developing the strategy, the company said. Mr. Theobald said in a statement

that Continental would be a customer-focused business bank. "The new strategy will offer Continental greater revenue poten-

By order of the Board of Directors

the amount of savings to be
The strategy was approved by
achieved, has not been determined,
the company's board Monday.

suring broad public ownership of

Continental bought two subur-ban Chicago banks in 1982 and three last year, and was buying a quired to approve it under the sixth this year. In moving to sell them, Mr.

the parent company, and Mr. Og-den, as chairman of its primary subsidiary, Continental Illinois and National Bank & Trust Co. of Chicago, were selected by the federal government to help pull the bank back from the edge of bankruptcy in 1984. The government that year

rescued the bank with a \$4.5 billion injection of funds. A Continental spokesman said the Federal Deposit Insurance Corp., which monitored the rescue of Continental, has seen Mr. Theobald's new strategy, but is not re-

set out by his predecessors. John E. Swearingen and William S. Ogden.

who as co-chairmen tried to broad-

en the firm's retail base in an effort to cut its reliance on interest in-

Mr. Swearingen, as chairman of

come from loans to industries.

terms of the rescue plan. (Reuters, AP)



### 国**Hutton** (FRANCE)

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**Henley Boosts Stake** In Santa Fe Southern

The Associated Press

LA JOLLA, California — Henley Group Inc., whose efforts to acquire a portion of Santa Fe Southern Pacific Corp. collapsed earlier this month, said Wednesday that it had increased its stake in the transportation and natural resources concern to 14.1 percent, from 5 percent. Henley, which has received federal approval to buy up to 24.9 percent of Santa Fe Southern, increased its holdings as Wall Street's crash sharply reduced stock prices.

In a filing with the Securities and Exchange Commission, Henley also said it "reserves the right to take whatever action may be necessary" to enhance shareholder value, including acquiring control of Santa Fe Southern or seeking seats on its board.

Henley, a conglomerate of engineering and financial services companies spum off from Allied-Signal Inc. in 1985, also said it was preparing a proposal for merging Henley and Santa Fe Southern, which is based in Chicago.

A Santa Fe Southern spokesman, Robert Gehrt, said the company had no comment.

Henley's recent purchases, bringing the total to 22.15 million shares of Santa Fe Southern, occurred over six days beginning Oct. 19. On the day South Fe Southern's stock lost nearly.

occurred over six days beginning Oct. 19. On that day, Santa Fe Southern's stock lost nearly 19 percent of its value, dropping to \$41.375 per

Reaching More Than a Third of a Million Readers in 164 Countries Around the World. Herald Eribune

**US. Futures** 

COFFEE C (NYCSCE) 37-500 fts. cents per la. 205,25 102.25 Dec 178,00 105,00 Mor 190,00 107,00 Mor 135,00 107,00 Mor 135,00 107,00 Mor 135,00 107,50 Jul 132,70 111,01 Sep 131,50 131,50 Mor 131,50 131,50 Mor 150,50 1380 Prev. Cents of 107.25 105.00 107.00 109.50 111.01 114.00 131.50 8 1,880

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44,43 37,40 Jul
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49,90 38,75 Dec
Esi, Soles 7,001 Prev. Soil
Prev. Day Open Int. 25,794
PORK BELLI ES (CAME)
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Geneva Bourse Moves Ahead on Expansion

GENEVA — The Geneva Bourse has decided to go ahead with plans to expand, despite the numbling prices that have affected it along with other stock markets, its director has said.

The bourse director, Kurt Schneuwly, said it was hoped the new sector, a second-fier market for shares in small and medium-sized Swiss and foreign commanies, could start operating by the

at a special meeting Monday evening.

Mr. Schneawly said a second-tier market, for shares not eligible for the main trading floor, had been under review for two years.

"It is now ready," he said. "Unfortunately, it comes at a very bad time. But we're not opening it right away."

Members of the exchange are to round up companies, initially just Swiss firms, with a-capitalization of at least 1 million Swiss francs (\$650,000). They must want to issue at least 10 percent of their capital in shares.

Since Wall Street was rocked on Oct. 19, the Swiss share index, based on the Zurich, Geneva Swiss share index, based on the Zurich, Geneva

and Basel exchanges, has plunged by almost 25 Asked about the effect of the fall on investor confidence, Mr. Schneuwly said: "It shouldn't put a brake on our system. But it may not be as easy to find companies right away who want to

**PERSONAL** 

INVESTING IN THE IHT THE SECOND MONDAY OF EACH MONDAY OF EACH
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SOPHISTICATED
INVESTOR — AN ESSENTIAL
GUIDE TO OPPORTUNITIES
AND PITFALLS —
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8,007 yen-2 point equals \$0,00001

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807380 0,07315 Dec 0,07310 0,07310

807380 0,07315 Prev. Soles 30,274

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Reuters 1,458.50
D.J. Futures 128.23
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Moody's : base 100 : Dec. 31, 1931.
p - preliminary: f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974. <u>Market Guide</u> 94.15 93.59 93.05 92.70 92.42 92.23 92.27 92.03 91.49 91.14 90.63 90.44 90.29 90.14 90.04 90.96 89.96 92.34 92.11 91.58 91.19 90.89 90.49 90.14 90.13 90.06 Certain offerings of securities, financial services or interests in real estate published in this newspaper are not authorized in certain juriedictions in which the International Herald Tubbure is distributed, including the United States of America, and do not constitute offerings of securicies, services or interests in these juriadictions. The International Herald Tubbure assumes no responsibility whitsoever for any advertisements for offerings of any kind. +02 +03 +04 +05 +06 +07

BRITISH POUND (IMM)
sper pound-1 point equals \$0.0001
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1.7013 1.325 Dec 1.7960 1.7150
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Prev. Day Open Intl. 40,871 up 2.441
Prev. Day Open Intl. 40,871 up 2.441
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1.7660 7,725 Jun 7,349 7,549
1.7660 7,725 Jun 7,349 7,549
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Prev. Day Open Intl. 18,348 of 77
1.4675 1.46246 Jun 7,77 off 30
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GERMAN MARK (IMM) 1,0000

Prev. Dov Open Int.

GERMAN MARK (IMM)

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+22 +23 +25 +21 +21 +21 +22 +22 1839 1879 1908 1935 1963 1995 2025

7585 7540 7570 54 7545 7545

64.75 66.25 66.25 66.27

Paris Commodities

1,136 1,182 1,200 1,230 N.T. N.T. 1,129 1,179 1,235 1,235 1,235 1,235 1,236 1,236 1,236 1,136 1,180 1,210 1,254 1,250 Prev. 1.120 1.200 1.200 N.T. +2 +2 Unch. -2 -7 Mar ii
Volum
COCOA
Sterling
Dec
Mar
Jul
Sep
Dec
Mar francs per 106 kg
N.T. N.T.
Per Interest: 186 1,125 1,140 1,160 1,175 1,185 1,215 1,240 1,255 Unch. Unch. Unch. Unch. Unch. Unch. Mer 1.288 1.289 1.286
Volume: 2.137 lots of 10 to
COFFEE
Starling per metric fon
Nov: 1.266 1.267 1.271
Jun: 1.266 1.267 1.272
Jun: 1.271 1.262 1.362
Jul: 1.360 1.364 1.365
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Sep 1.360 1.364 1.365
Volume: 3.278 lots of 5 to 1,222 1,260 1,313 1,334 1,340 1,380 1,380 5 hens N.T. N.T. 1,235 1,315 1,246 2,346 N.T. N.T. N.T. N.T. N.T. N.T. 1,206 lots of lots. Open info Nov Jon Mar May Jly Sep Nov Est, 1,250 1,275 1,319 1,340 1,375 1,400

S&P 100 Index Options

Oct. 28

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Source: UPI.

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Coffee, ib
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Spot **Commodities** 

Today 8.10 1.97 2/3.00 0.42 0.51 7.36 473.00 115-116. 4.293 0.43

**US.Treasuries** 

Disc Bid 506 548 623

Oct. 28
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Prev, Yield 5,37 6.23 6.77 Prev. Yield 9.06

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London Commodities

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per metric to 1,140 | 1,141 | 1,175 | 1,176 | 1,199 | 1,241 | 1,245 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 |

London Metals Oct. 28 Previous Bid Ask

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Japan Is Willing **Dividends** To Act if Growth Oct. 28 Falters in U.S. INCREASED Kansas Gas & Elec. Q .37 12-31 12-10 Sthrn Calif Water Q .50 ½ 12-1 11-12 INITIAL TOKYO — Japan stands ready to take further action to boost its economy should U.S. growth falter after the plunge in stock prices, Economic Planning Minister Tetsuo Kondo said Wednesday. q USUAL 39 1-48
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In an interview, he said that Ja-pan's economy would expand at least 3.5 percent in the fiscal year beginning April 1, 1988, about the same rate as in 1987-88.

He also said that Japan's current-account surplus, a broad trade measure including merchandise and services, would narrow by more than \$10 billion in the next fiscal year after shrinking by nearly \$20 billion this year from 1986-87's \$94 billion.

He said that Japan should be alert to the possibility of easing interest rates or adopting a supplementary budget to boost government spending next year, if U.S. growth falters.

"If U.S. economic growth is depressed by the stock market drop or by efforts to cut the budget deficit, we should be ready to absorb it." Mr. Koudo said. "Our economy can have a stabilizing affort." my can have a stabilizing effect."

But the planning minister cau-tioned against action to lower in-terest rates now, saying that the sharp fall in stock prices in Tokyo may have represented a natural adjustment of an overheated market.

To Our Readers

Deutsche mark futures option prices were not available in this edition because of transmission de-



58P (M Index); High 3CL17 | Igns 2006 | Chipp 2017 | 44-34

# Putting the world's financial markets in perspective.

On October 19th, investor uncertainty abruptly caused unprecedented decline in worldwide equity markets.

The massive selloff was not caused by any one particular event, and there is no evidence that it was justified by the fundamental values of the shares being sold.

# Buy, sell or hold?

The worst thing to do right now would be to sell your equities at distressed prices.

It's crucial at this point to get your bearings in today's totally new environment, and decide upon a rational and prudent course of action.

It is also correct to say that this giant excess of selling has created a large number of bargains in very good shares. But before seeking them out it makes sense to take a good, careful look around. Individual equity selection and fundamental research are critical at this time.

# What will happen next?

Some historical perspective: One of the reasons for our optimism at Merrill Lynch is the magnitude of the decline we've just been through. Some of the worst declines in history have not exceeded 50% in the initial selloff. Even those that were followed by poor economic fundamentals recovered as much as 50% of the losses in subsequent months.

Merrill Lynch analysts believe the extent and speed of the ultimate recovery depend on such economic fundamentals as the stability of world currencies, the interest rate outlook, the degree of inflation and investor psychology.

### A better environment ahead.

The fundamentals of the U. S. economy may be called into question, but we believe that the world markets are overreacting to events. Also, we believe a broad-based economic decline will be avoided, even as the consumer becomes somewhat more cautious.

It cannot be said too strongly or too often: However severe this shock has been, this is no time to sell.

In fact it is time to take advantage of opportunities—to evaluate your holdings, and perhaps, restructure your portfolio.

# Exploring the opportunities.

Restructuring your portfolio is at best a difficult undertaking. How you do it depends on your goals and tolerance for risk as well as on your current holdings and your tax situation.

In addition, at Merrill Lynch, we believe that this is the time for thinking longer term. And such thinking will require a good deal more alertness and more insightful professional advice than in the past.

As recent events have demonstrated, today an investor must know not only what is happening at home but around the world.

### It's no time to go it alone.

At times like these, it's more important than ever to have continuing access to the kind of information and insight that can help you pursue the opportunities that uncertainty creates.

For our part, our Financial Consultants continue to offer reassurance of our financial strength, our proud tradition of trustworthiness and our leadership in providing professional guidance and service.

At Merrill Lynch, we remain confident in the world's financial markets, and in the underlying value of financial assets in this climate.

We recognize that emotions run high during times like these. However, it is critical that reason and objectivity prevail now more than ever.

We urge all investors to take no action out of fear, and to make careful and thoughtful decisions before taking any action at all.

Whatever volatility we face in the days ahead, we are committed to demonstrate to you the highest degree of professionalism and service. We urge you to take a long-term view and prepare yourself to participate in the opportunities we see ahead in the global financial markets.

For more information, contact any of our offices in the following cities:

### **EUROPE**

Amsterdam • Athens • Brussels • Duesseldorf • Frankfurt • Geneva • Hamburg • London • Lugano • Luxembourg • Madrid • Milan • Monte Carlo • Munich • Paris • Rome • Stuttgart • Vienna • Zurich

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### **AMERICAS**

Buenos Aires • Caracas • Miami • Montevideo • New York • Panama City • Santiago • Sao Paulo



# Tokyo Shares Decline; Hong Kong Rally Ends

# Nikkei Falls 257, Led by Export Stocks

ened Wednesday in Tokyo, sending the Nikkei stock average 257.43 points lower, after an early burst of confidence evaporated on rumors that the U.S. dollar would be allowed to slide below current levels.

The 225-share stock average ended at 22,577.53 points, well off the morning peak and about 1.1 percent lower than on Tuesday, when it posted a 632.40-point gain. Brokers said the early gains were

fueled by strong advances Tuesday in London and New York. But the advances petered out in the afternoon on a rumor that the so-called Louvre agreement on currency stability would be scrapped by major industrialized nations

"Selling was mainly in exportrelated shares because of the weak-Securities. "The Louvre rumour had quite a big effect on the mar-

Shares in precision-instrument stocks and autos fell sharply, as did the steel and shipbuilding sectors. Construction, real estate, securities firms and foodstuffs also posted

Volume was moderate with an estimated 850 million shares changing hands, down from 939.84 million Tuesday.

A foreign broker said: "The mar-ket's confidence is naturally fragile, so rumors can take a grip easily." The dollar ended in Tokyo at 140.75 yen, down from 142.10 Tuesday, but only after the Bank of Japan intervened several times throughout the day to prevent the confidence."

### **Battered Sydney** Rebounds to a **Record Gain**

SYDNEY — Australia's ravaged stock market rallied Wednesday for the first time in four trading sessions, with Sydney's All-Ordinaries Index closing 72.20 points higher in a record one-day rise.

The share index, which had plunged by about 40 percent since Sept. 19, posted a 5.5 per-cent gain in value to 1,388.80. The advance was the one bright spot Wednesday in otherwise jittery Pacific trading.

Brokers said the upturn was spurred by good performances Tuesday in New York and London. Any reversal in those markets would have immediate impact in Australia, they added. Investors were cautious, expecting share prices to seesaw

currency from falling toward the key level of 140 yen.

"There's still a lot of nervousness in the market," said Julian Jones, a broker with Vickers da Costa Ltd., a securities firm. "There's still no consensus or conviction that we're

bottoming out yet, and that is preventing the market from rising."

But because Tokyo has suffered less than any other major stock market over the past 10 days of naticky greatings some brokers. panicky gyrations, some brokers seemed cautiously optimistic.

There is still a certain amount of basic caution in the market," a broker at Sanyo Securities Ltd. said. "It looks stronger than before, and the economy also gets a vote of

# **EUROPE:** Another Bloody Day

1.2 percent on Tuesday after falling 8.05 percent the day before.

Fears of an even weaker dollar further depressed sentiment and operators predicted that the wild ups and downs of recent weeks would continue until the U.S. government took specific measures to narrow the huge federal budget deficit.

"We're getting seasick," one trader said. "And this is going to continue until we get some definitive information on American taxes and the budget deficit."

In Frankfurt, share prices ended ing 5.6 percent of their value, after

dging up 1.1 percent on Tuesday. West German trade figures released late Tuesday, which showed that the trade surplus had nearly doubled in September from August, pushed the Deutsche mark sharply higher against the dollar. This in turn depressed West German share prices, since many companies are heavily dependent on

The Commerzbank index of 60 leading shares, calculated at much as 15 percent. midsession, fell 89.3 points to 1,496.9, its lowest point in two sterdam and Milar

Per common share:

Income before extraordinary item

Cash dividends declared

dealer said. He added that foreigners and institutional investors were

"West German bourses have become a dustbin for foreign holders of German shares," said one dealer with a German bank. Auto shares suffered the most

damage, especially makers of luxury cars that sell well in the United Porsche plunged 160 DM, or 20.8 percent, to 610 DM; Daimler

plummeted 88 DM, or 10 percent, to 795 and BMW slumped 42 DM, or 7.9 percent, to 490. Share prices were also battered coming in."

in Zurich in heetic trading, as the dollar's fall to a historic low against the Swiss franc reinforced selling in blue chips, dealers said. "Today we saw a wave of uncon-

trolled selling from all sides," one dealer said. The Swiss index closed 5.5 percent lower at 847.7 points, against 897.1 points on Tuesday.

bearer shares, where losses were as of bankruptcies. (AP, Reuters, UPI)

September 30.

# **Colony Takes** A Hard Look At Its Market

Compiled by Our Staff From Dispatches HONG KONG - The rally on Hong Kong's share market ended abruptly Wednesday as the main market indicator carcened 250 points higher, then ran out of steam to post a 25.56 point loss.

Amid mounting pressure from China and local investors. Hong Kong's government said it would investigate the workings of the stock exchange, whose speculative gyrations have been magnified by the global financial crisis and a four-day trading halt.

The Hang Seng index closed at 2,370.16, down 1.1 percent. Brokers said that gains Tuesday on Wall Street and in London helped send share prices soaring in the morning, but that traders took that as a cue to get out of the market. Selling accelerated after the fil-

ing of writs against 39 brokers by authorities of the Hong Kong Futures Exchange for bouncing checks totaling about 1.8 billion Hong Kong dollars (\$230.5 mil-

The Hang Seng index had closed Tuesday at 2,395.72, up 154.03 points from Monday's crash, after China joined the colony's government and banks in pumping 2 bil-lion dollars into the unstable futures exchange to prevent defaults. The funds supplement a 2 billion

dollar package announced Sunday.
Tuesday's 6.9 percent gain in the
index reflected investors' approval
of the rescue. China will gain control of Hong Kong in 1997, and
investors interpreted the Bank of China's participation as a sign that Hong Kong out of its difficulties. China, which has no active stock exchanges, called Wednesday for

reforms in Hong Kong's share trading system. Monday's record plunge of 1,120.70 points, presenting 33 per-cent of share value, came after a

four-day trading halt that had locked Hong Kong shareholders into their investments and trig-gered criticism of the market's Many said that the closing had

wounded Hong Kong's standing as an international financial center. Timothy Moe, a manager at Jar-dine Matheson Securities Ltd. in Hong Kong, said, "Certainly the

fact that the market was closed here when the others were open is to Hong Kong's detriment. People will be a bit more cautious about

day's panic would be felt for weeks. Tuesday afternoon. Already, stockbrokers in Hong

Kong are complaining about gainst 897.1 points on Tuesday. market participants agreed with maker. The plan involves new bank Selling centered on blue-chip Mr. Nendick's prediction of a wave credits and a conversion of existing

Shares also lost ground in Am- on the chairman of the stock ex- rights issue will enable the govern-



OUTCRY DOWN UNDER - Floor traders on the Sydney exchange cry out orders for shares as prices

recovered Wednesday. The Australian market had suffered some of the world's heaviest losses in recent days.

# TSB Pursues Hill Samuel Deal Despite Shares' Fall

LONDON — TSB Group PLC's £777 million (\$1.33 billion) takeover of Hill Samuel Group PLC is going ahead, despite the stock market crash that has wiped more than £70 million off the merchant bank's market value, a

In another development affecting merchant banks and securities concerns, Dean Witter Reynolds Inc. said its London-based capital markets subsidiary had ceased making markets in Eurobonds, although it plans to step up its sales of U.S.-related products. The firm, a subsidiary of Sears Roebuck &

Co., is the second Eurobond house to pull out of the market this year. Earlier, Lloyds Bank PLC announced that it was closing its Euro-

John Liegy, managing director for Dean Wit-ter's New York-based parent company, said the decision was not linked to the recent collapse of world stock markets and had been under consideration since early this year.

Elsewhere, Morgan Grenfell Group PLC, the British merchant banker, said it had no plans to

close its U.S. operations despite a \$14 million loss as a result of the market's fall. Its statement came in reply to an article in The Times of London speculating on the shutdown of the bank's securities trading business in New York. The possibility of TSB's pulling out of the Hill Samuel deal never was raised at the board-room level, the TSB spokesman, Graham War-

Acceptances for the offer are due Monday. Mr. Watson said in an interview that, even if TSB applied to the takeover panel for permission to cancel the deal, it was highly unlikely

Takeover regulations also prevent TSB, which owns 30 percent of Hill Samuel, from revising its bid price.

that clearance would be granted.

TSB announced its bid on Oct. 2, offering 810 pence a share for the merchant bank, which had previously failed to agree on a merger with Union Bank of Switzerland, Hill Samuel's share price was last quoted at 739 pence, compared with 794 pence on Oct. 19, when London stock

Mr. Watson said he did not expect problems to arise from the shareholders, who are to vote on the takeover at a meeting Monday.

The 7.4 percent drop in Hill Samuel's share

price between Oct. 15 and 27 compares with 68 percent for S.G. Warburg Group PLC, 80 per-cent for Morgan Grenfell Group PLC and 41 percent for Kleinwort Grieveson Securities Ltd. In the statement Wednesday from Morgan Grenfell, the firm said it "remains firmly com-

mitted to its U.S. operations." It added that its operations in New York, other than risk arbitrage, "have so far this year performed very Morgan Grenfell said its London marketmaking operations on the securities side had lost slightly less than £5 million since Oct. 16. The overall equities business is ahead of budget and remains in profit for the year to date, it

The bank said Jon Perry would replace Keith Harris as president of Morgan Grenfell Inc. Mr. Harris and three Morgan Grenfell junior executives are to join Drexel Burnham Lam-

# Paris Delays Trading in Suez Shares

By Jacques Nehet Special in the Hercisi Tribune PARIS - Finance Minister Edouard Balladur reversed humself

Wednesday by postponing the first trading of Compagnie Financiare de Suez, the recently privatized French financial group. Mr. Balladur said that the 9.7 percent plunge at the Paris Bourse on Wednesday made it necessary to push back the first quotation of Suez until next week. He did not

specify a date. He also said he would ask Sucz and stockbrokers to "study the possibility" of letting 1.6 million peo-ple who subscribed to the issue pay

for it in installments. The subscription period for the Suez issue, which carried an offer-ing price of 317 francs (554), closed on Oct. 17, just before the market began to fall precipitously.

If the stock had been permitted to start trading, there was a high chance that investors in the issue would have started off with a sig-

nificant paper loss, even before they paid for the shares. Mr. Balladur acknowledged that Wednesday's market plunge pulled the average price of the 10 companies privatized in the past year by the French government to 3.9 per-cent below their average initial is-

He said. "I understand com-pletely" the feelings of savers who have invested in the privatization issues, but he urged investors not to give in to "catastrophism."
"If you haven't sold, you haven't

lost," he said. The finance minister interviewed on a call-in radio program.
blamed the Bourse's problems of the U.S. government's failure the reduce its budget deficit and on the west Germany's failure to reduce its interest rate. its interest rates.

On Monday, Mr. Balladur re-fused to consider delaying the trading of shares in Suez, parent of Banque Indosuez.

■ Renault Shift Approved The French cabinet approved legislation Wednesday under which the automaker Renault will be converted from a state agency to a company in which the government is the only shareholder, The Associ-ated Press reported from Paris.

### Fokker Shares Fall On Planned Issue

AMSTERDAM - Stock in the Dutch aircraft maker Fokker NV plunged Wednesday as trading resumed after news that the company (\$10.01) per share.

David Nendick, Hong Kong's secretary of monetary affairs, predicted that aftershocks from Moneta The shares fell 10 guilders to close at 23 guilders on the Amster-dam Stock Exchange. Trading in

The Dutch government announced a rescue plan Monday for bounced checks from insolvent Fokker in which it will take a stake customers and colleagues, and of up to 49 percent in the aircraft and new government credits into A legislator called Wednesday government-owned shares. The change, Ronald Li, to resign.

(Reuters, AFP, LAT, AP)

ment to build the stake. The size of the issue has not been announced.

September 30.

\$ 1.22 \$ 1.22 \$ .28

1.30 .29

# Merc Under Siege: Chairman Defends His Market

Two years ago, Leo Melamed, chairman our philosophy, we closed the market for the of the executive committee of the Chicago stock index futures 49 minutes. That was the argument against those who would accuse the Mercantile Exchange and unofficial ambassador from the realm of stock index whole world, if they wanted to, dump on us. futures, was riding high. At a Merc cock. All the other exchanges were closing already. Levely below that the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. It was a conspiracy of comments of the problem was program trading. moves. Program trading — a strategy that open many of their major stocks. His words plays the stock market against the Merc's were, "There are no buyers." In effect, we plays the stock market against the Merc's stock index futures - had been exonerated, Mr. Melamed said. He felt that his exchange, long known for trading in hog bellies, had finally been accepted into the

New York financial fraternity. But today, program trading is being blamed for contributing to the stock market's plunge. The Merc's Standard & Poor's 500-stock index futures market has been the scene of tumultuous trading in the past week. That may be just a hint of the trouble Mr. Melamed and the Merc will face as Congress looks into the collapse.

Mr. Melamed discussed the turmoil and Sterngold of The New York Times:

Twee on the per editorial that said stock index futures [chairman of the New York Stock Exchange] were not the main cause of unusual market and he told me at that moment they couldn't

were the only market. We had buyers and we had sellers. The price was weak, but there it was. The Merc's executive committee was afraid to be out there alone. Phelan had said he was about to go into a meeting and he said it was very likely that the New York Stock Exchange

would close altogether. If word of that got out, our market could have fallen another thousand, two thousand points [meaning 10 or 20 points on the Standard & Poor's 500-stock index]. Who knows how far it would have gone.

Q. So you made your decision not knowing what the Big Board would do?

A. Phelan had told me there were no buy-

the role of stock index futures with James ers. If they officially closed or not, he had already told me, in effect, that we were the

Q. What was the toughest moment last veek for the Merc?

A. Tuesday around noon when, contrary to that the New York Stock Exchange might not have opened that day. It's a scary thing.

Q. Tou sound very defensive. Is the Merc fighting for its life?

A. I wouldn't put it in such stark terms. I don't think the facts will come down against us.

this. They are saying that we have all of this modern technology, but you're not supposed to use it. The evidence that I think will come out is that program trading involving the arbitrage between the stock market and the index futures market was at a minimum. Q. Would the stock index futures market

survive without program trading? A. It survived before there was program trading. Clearly, it wasn't as big before. Volume was nothing like it is now. I think that  $\mathcal{T}_{\mathrm{CL}}(\mathbf{r}_{\mathrm{CL}}(\mathbf{r}_{\mathrm{CL}})) = \mathbf{r}_{\mathrm{CL}}$ 

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those who speak about banning program trading are just looking for a scapegoat. Q. There has been some criticism that the index futures market is inherently more speculative because the investor puts up just a

small fraction of the total value of the con-tract. Is this creating excess speculation? A. I've heard that, but I've got to tell you the average investor does not use the futures market as a substitute for buying stocks. Q. You sound very defensive. Is the Merc

fighting for its life?

A. I wouldn't put it in such stark terms. I

# Republic National Bank of New York

A subsidiary of REPUBLIC NEW YORK CORPORATION **Consolidated Statement of Condition** 

	4-p		Liabilites and		
Assets	1987	1986	Stockholder's Equity	1987	. 1986
Cash and demand		·	Non-interest bearing deposits:		
accounts	S 252,468	\$ 216,597	In domestic offices	S 631,956	\$ 502.789
Interest bearing deposits			In foreign offices	100,007	85,801
with banks	7,114,834	5,668.909	Interest bearing deposits:		_
Short-term lax exempt	! !		In domestic offices	4,076,476	3.358.536
investments		99,900	in foreign offices	7.574.049	6,992.887
Precious metals	52.489	144.174	Total deposits	12.382.488	10.940.013
Investment securities	2.978.143	3.158.294	Short-term borrowings	681,151	1.101.490
Trading account assets	251.841 '	76.930	Acceptances outstanding	2.248.995	2.045.471
Federal funds sold and			Accrued interest payable	145,018	171,763
securities purchased			Other liabilities	413,489	298,233
under agreements to	l į		Long-term debt	650.182	437,367
resell	439,623	679.915	Stockholder's Equity:	1 1	•
Loans, net of unearned	! i		Preferred stock, \$100 par		
income	4.047.590	3 820.222	value: 1.000,000 shares		
Allowance for possible	!!!		outstanding	100,000	-
loan losses	(212,455)	(96,610)	Common stock, \$100 par		
Loans (net)	3.835.135	3,723,612	value 4.800,000 shares		
Louis (Her)	3.000.100	5.120.512	authorized: 3.550,000		
Customers liability under		•	shares outstanding	355.000	355,000
acceptances	2,243,341	2 044.176	Surplus	845.000	845.000
Premises and equipment	323.884	276,258	Retained earnings	307.603	359.974
Accrued interest receivable	229,452	232.888	Total stockholder's equity	1,607,603	1,559,974
Other assets	407.716	232,658	Total liabilities and		
		\$16,554,311	stockholder's equity	\$18,128.926	\$16,554,311
Total assets	\$18.128,926	310,334,511	· •	/ <del></del> /	
·			Letters of credit outstanding	\$ 1,167,683	S 832,843
Th	e portion of the inv	restment in precious	metals not hedged by forward sale	es was	
	\$15.2 milio	n and \$12.9 million i	n 1987 and 1986, respectively.		
REPUBLIC NEW YORK	ORPORATION				
Summary of Results		Nine M	onths Ended		onths Ended
in Thousands Except Per Sh	lete(1 ave	Sept	ember 30.	Septe	mber 30,
III Thousands Except to on	a.c Daw,	1987	1986	1987	1986
			. <del></del>	S 42.335	\$ 37.37
ncome before extraordinary	item	\$ 10,982	\$113.507 \$100.575		
		5 (4.887)	5100.575	\$ 42,335	\$ 37,379
Vet income (loss)		S 25.825	S 23,344	\$ 8.653	\$ 7,821

Average common shares outstanding \*Results reflect a special provision for loan losses of \$100 million and losses of approximately \$64 million in the second quarter on marking to market or sales of certain outstandings in lesser developed countries. Fifth Avenue at 40th Street, New York New York 10018

1/2 offices in Manthatian Brives Booklyin Queens & Westchester County)
Mamber Federal Research System Monthlyin Cheens & Westchester County)
Bereity Hilt - Bereity - Busines Aries - Caracat - Cayman Manths - Channot Islands - Garakar - Hong Kong
Briserly Hilt - Bereity - Busines Aries - Caracat - Cayman Manths - Channot Islands - Garakar - Hong Kong
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Panumg City - Paris - Purish Del Este - Rio de Janeiro - Santiago - Sao Paulo - Singapore - Tokyo

\$ 329 \$ 84

# Floating-Rate Notes Linnin (1) Dollars tsseer/Mat. Aloska Finance Julii Aloska Finance Julii Alberte 33 Anteriton Ecoress 9. Anteriton Ecoress 9. Anteriton Ecoress 9. Anteriton Ecoress 9. Bos Noz Levere 97. Bos Noz Levere 97. Bos Noz Levere 97. Bos Di Roma 92. Bos Di Roma 92. Bos Di Roma 92. Bos Di Roma 92. Bos Somb Sortin 93 Bos Somb Sortin 93 Bis Soston 10 Bis Bos Somb Sortin 93 Bis Soston 10 Bis Bos Somb Sortin 93 Bis Montreal 54 Bis Montreal 54 Bis Montreal 98 Bis Montreal 98 Bis Lindisseer 97 New 30 Int 91 Bis Indisseer 97 New 31ce 97(Con) Bitz New 98 Bis Indisseer 97 New 31ce 197(Con) Bitz New 98 Bis Indisseer 97 (Con) Bis Indisseer 97 (Con) Ba Indessez 97 (Cos) Bas 98 (Per) Bas 96 (Mithir) Bas 97 (Mit Deutsche Marks Austrio 98 Bap 97 (Dm) Belgium 97 (Dm) Commercible 95 (Dm) COLE 95 Creet Fencier 96 (Dm) Clc 93 Denmark (Storal 94 Jopanese Yen 5h. 22-04 99.75 99.85 44 27-02 99.56 99.40

### **FLOBAL:** Markets' Interreaction

Continued from first finance page)

Lates has lost some economic votage.

The fact that the United States suffers from its twin deficits and rapidly growing foreign indebtedg power over its own policies,
me critics contend.
There has been a balance-ofower shift because we are a debtor

nion," said Steven G. Einhorn,
chairman of Goldman, Sachs'
hich decides in which markets the rokerage should invest. "And the ality is that it gives our lenders a y in the policies we follow."

But sometimes the theories bout how markets track each othfall apart. Japan's market underent 2 16 percent correction, end-ig in mid-July, that barely nched the American markets. In E United States, it was generally garded as a long-awaited decline an extremely overvalued market.

The rule of thumb, then, seems be that in order for markets to our each other, they must be rising r dropping in response to com-ion concerns. Some say that is hat began happening almost two reeks ago, when an American-Geran dispute over monetary policy orsened jitters in the United tates, contributing to a slide in long Kong. Those factors comined with a host of other economined concerns to spark the 508-point op in the Dow Jones industrial rerage on Oct. 19.

Then, for the rest of the week, fall Street set the daily direction," nd Nicholas Bratt, president of the Scudder International Fund, thich also invests in numerous arkets. "I can't explain why the reign markets followed." Neither could some foreign po-tical leaders, who thought that the

amping-like performance of their

ness no doubt explains why the worldwide fall began on Wall Street," said Nigel Lawson, the British chancellor of the Exchequer, in a speech on Monday.

What is less readily explicable is why the London markets should be following an attempt to second guess Wall Street quite so slavish-

One of the critical questions for the next several weeks is whether the markets that have tracked each other so closely in recent weeks will begin to seek their own levels.

ou will find them decoupling from Wall Street after a while because they don't have the U.S. problems of twin deficits," said Henry de Vismes, a director of Kleinwort Benson International investments. "Markets assume the worst together, and then start crawling back separately."

In time, however, the couplingdecoupling syndrome seems doomed by the spread of technol-

The networks of trading screens open communication lines and even linked exchanges — such as the alliance between the Chicago Mercantile Exchange and its counterpart in Singapore — do not create a monolithic worldwide market But they do allow for 24-hour trad-ing in which decisions about where to invest, and when to move out of a market, are passed constantly around the globe.

The result is that each individual before the ball bounces to the next

# At Quantum Fund, a Top Money Manager Takes His Losses Philosophically

By Albert Scardino

New York Times Service NEW YORK - George Soros, one of the most successful mutual fund operators of his generation, thinks of himself more as a philosopher than a money manager. So it came as no surprise to his friends that he took his fund's losses in the stock market in the last two weeks philosophically, all \$800 million worth. We're still ahead 1.5 percent on the

year," he said Tuesday, Mr. Soros manages the Quantum Fund, a \$1.8 billion mutual fund whose net asset value per share has risen astro-nomically since he founded it in 1969, from \$41.25 to \$9,793.36 on Tuesday. In the last 18 years, the Quantum Fund has failed to show a profit only once, in 1981,

Inc., a research organization that tracks of investing.

To Wall Street insiders, Mr. Soros emmurual funds.

This year could be the second. Since the market started its decline in late August, the Quantum Fund has lost more than 30 percent of its value, sliding to less than \$1.8 billion from more than \$2.6 billion. Last week alone, Mr. Soros sold hundreds of millions of dollars' worth of stocks, taking his losses "voluntarily" to accumulate cash and prevent a further erosion of Quantum's share val-

Mr. Soros, an energetic 57-year-old na-tive of Budapest who worked his way up from Wall Street researcher to international money manager, emerged this year

according to Lipper Analytical Services as the prince of the global village theory

bodied the bull market of the 1980s. Using a broad understanding of international financial trends, he played the markets in Tokyo, London and New York, hedging currencies on one ex-change while he sold bonds short in another, gambling on gold futures while he poured tens of millions of dollars into Dow Jones industrials.

The exotic aura surrounding him was enhanced by the fact that Quantum, a Netherlands Antilles corporation, ac-cepted no investors who were either citi-

zens or residents of the United States. Having turned his vision into a fortune, he decided last year to share his

assigned to the new organization's retail

Since Signet is strongly customer-

business, and the other system to the

oriented the big question was, whose

commercial business.

vision. His first book, "The Alchemy of Finance," landed in the market last summer a few weeks before stocks — and his mutual fund - reached their all-time

With his none-too-original theory that people, with their biases and dreams. move markets, Mr. Soros emerged as this year's philosopher of Wall Street.

According to his theory, markets do not serve as efficient processors of information, turning data into stock prices that accurately reflect reality. Rather, he said, the attitudes of investors determine the stock price, which then acts on the attitudes of investors.

Applying this idea of "reflexivity" to the bull market of the 1980s, Mr. Soros had been claiming — before Wall Street's

climb much higher than its August peak. It would be carried aloft on the sheer enthusiasm of investors.

As far as Mr. Soros is concerned, the crack came two weeks ago, when Robert R. Prechter, the popular market forecaster who had run at the front of the herd of bulls for five years, reversed course in midstride and warned his clients to pull

"I was stunned by his comments, just as everyone else was," Mr. Soros said. Had stocks recovered quickly, to, say, 2,100 on the Dow industrial average, the whole experience "might have been written off as a bad dream." he said. Now, the decline has become more than an appari-

tion. "It is very real," he said.

### ERGING two large banks can produce significant economies of scale. It can also produce significant programming headaches if the two have different computer systems.

When the Bank of Virginia, a 22-year Unisys customer, merged with a Maryland bank to form Signet, the banks had to decide how to use two very different

standards, even with 90 new branches, without any interruption of service.

out of the market.

"They knew that we could do it. The bank has grown fast for many years, and Unisys has always kept pace with them. And Signet has never had to

"It's been real rewarding to work with bankers who care so much about their customers. We work with them so closely, they think of us as family now. That's really the power of 2."

The power of 2

# TAXES: Should U.S. Raise Them?

(Continued from Page 1)

lassachusetts Institute of Techology, who last week was awarded se Nobel Memorial Prize in Ecoomic Science, and Professor Paul Samuelson, also of MIT, the st American economist to receive - e Nobel prize, and Mr. Summers

The eclectic Keynesians are : remselves in a strange alliance, reflectually in league with conseredstein of Harvard and David ockefeller and a great many other usiness and financial executives. I of whom urge action to shrink the budget deficit. They warn that, the president and Congress fail to the president and congress fail to the maras and touch off another plunge. It is true, of course, that wrong-eaded fiscal actions by President loover after the 1929 crash did tacerbate the weaknesses of the nonmy and help thrust it into repression. The Hoover administration reasoned that, to balance

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ave to raise tax rates. And the overall growth of the world economy and world trade is crucial economy and world trade is crucial \_\_ doubled tax rates.

iat was already under way. opped the Federal Reserve from world as a whole. aking more money and credit - railable and from stronger action

i protectionist actions to other

re budget deficit mean repeating structure of interest rates.

181 grim scenario? se monetary policy and thereby

ficit at all at this point? irst, because that would ease when the dollar is under heavy

# C Publishes lans to End

STRASBOURG, France — The shed proposals to climinate ex-Junge controls in the community. Under the plan, the 12 member are would lift all controls on cap-movements by the end of 1992. It a key part of the EC's goal of Prating members' economies. Delots, said that financial intion "will allow the communito defend itself better against its loan outside and 10 speak

ins posed by current imbalances the world economy." Exchange controls are commonstreed to limit the amount of cash "It can flow out of countries with ak currencies. The commission oposed that capital should move thy between all EC countries imlately, except for Spain, Portu-Ireland and Greece, which ld be allowed reduce controls idually until the end of 1992.

th one voice for solving the prob-

pressure and the nation is suffering from a huge deficit in its balance of

trade and payments.

If U.S. interest rates are to be brought down, without sending the dollar into a free fall, it will require the cooperation of the other industrial countries in coordinating interest rates and exchange rates. (If, for instance, the West Germans raise their interest rates, it may force the United States to follow suit, lest the dollar fall out of controL)

A rapid fall in the dollar could unleash inflation, drive foreign capital out and drive U.S. interest rates higher, cutting off investment and housing construction and thrusting the economy into reces-

Yet, if the dollar is to be held where it is, this makes the task of curing the U.S. merchandise trade deficit that much more difficult. Hence, faster growth in Europe and Japan is important because the the American economy will be growing somewhat more slowly as a result se budget, the government would

Unquestionably the effort added to preventing a worsening of proiivate spending even more and States and abroad, thereby repeating one of the key causes of the ing one of the key causes of the Depression in the 1930s. It has be-But the big tax increase was not come vital to think of the internais only cause of the Depression. tional economy as a closely inteear of inflation, in this period of grated entity and to link together ulling prices and employment, national economic policies for the national economic policies for the

For the United States, the right mixture of fiscal and monetary poin was made worse by the Smooting the budget deficit and Federa ing the budget deficit and Federal lawley Tariff Act and the spread Reserve action to supply more lisystem — should make possible By 1933, one out of four Ameri-ins was unemployed. The world and that would greatly strengthen market confidence and public opinion. The idea would be to sta-Today, would measures to shrink bilize the economy at a much lower

Some economists, such as The answer is that it certainly George Perry of the Brookings In-eed not. What is crucial is that stitution, believe that a \$23 billion eps to reduce the budget deficit cut in the 1988 deficit — which is a offset by actions of the Fed to all that the White House and Conase monetary policy and thereby gress are now considering — would ing down interest rates. That be "a big disappointment" to the build avoid compounding the financial markets. Bond prices ownward pressure on the econo-would fall and rates would soar, all y of tighter fiscal policy. Lower over again. Mr. Perry, who sees wide scope for interest rates to de-growing and spending, inspire cline, believes the deficit cut should be \$40 billion this year and \$60 ngthen the stock and bond mar- billion next year, if not more. In his wiew, the economy, which is still study act to reduce the budget expanding, could absorb that kind of fiscal action and benefit.

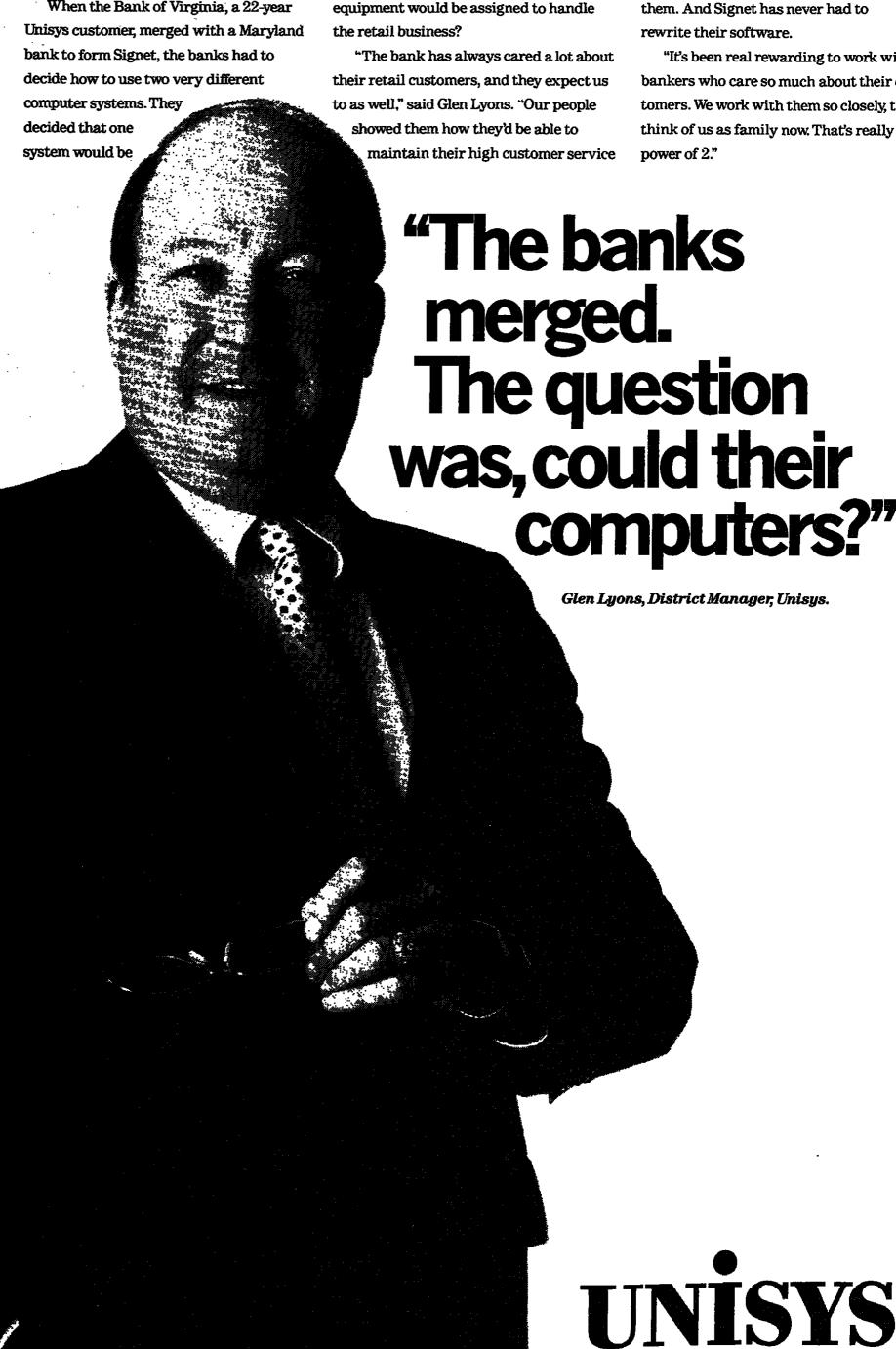
A number of leading economists problem of the Federal Reserve stress that, to have the best effect down interest rates, at a on the markets, the budget-shrinking must be seen as part of a solid, long-run plan.

Mr. Solow, the Nobel laureate said in an interview Tuesday: "The market's fall makes it a lot harder - it could tip the economy into recession." But he still favors a plan to steadily shrink the structural

Urrency Controls deficit over the next few years. Mr. Samuelson of MIT conceded that measures to shrink the deficit would be "a mild depressant on the propean Community's executive economy" but added that "the right deal to cut is that any imright deal to cut is that any improvement in the basic structural deficit is to be offset by increasing monetary stimulus to the desired degree."

> Quibble Compulsion Some analysis try so hard to pick market tops that they can't get out of a bearsh made long enough to see the powerful upward trends that are developing in emerging industries. While they quibble about downside Dow torgets, we keep identifying stocks we feel can quantuple. You'll find projections in weekly reports that are available with our compliments if

you'll write, phone or telex.
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Country/Curr	ency	12 months (+ 52 FREE ISSUES)	% SAVINGS	6 months (+ 26 FREE ISSUES)	SAVINGS	3 months (+ 13 FREE ISSUES)	% SAVINGS
Austria	A.Sch.	4,800	40	2,600	35	1,450	28_
Belgium	B.Fr.	11,000	40	6.000	34	3,300	27
Denmark	D.Kr.	2,500	31	1,400	23	770	15
Finland	F.M.	1,730	41	950	35	520	29
France	F.F.	1,500	41	820	36	450	29
Germany*	DML	580	41	320	35	175	29
Gr. Britain	£	130	40	72	34	40	27
Greece	Dr.	22,000	45	12,000	40	6,600	34
Ireland	Eld	150	45	82	40	45	34
Italy	Lire	380,000	42	210,000	36	115,000	30
Luxembourg	L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands	Fl.	650	40	360	34	198	27
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# TARKETS IN TURMOIL: Dollar tumbles to new lows

# )OLLAR: Central Banks Intervene to Control Its Slide

(Continued from Page 1)

ding in Tokyo, when the dollar below 1.7470 DM. The orga-ed dollar buying continued inmittently during Asian, Europeand U.S. trading.

Market sources described the invention by the central banks of United States, West Germany, pan, Switzerland, France, Brit-L July and the Netherlands as passive" and "sustained," but y were hard pressed to put an imate on the total purchases. Dealers said the combined total dollar purchases could be in ex-ss of \$3 billion. The Bundesbank e Bank of France and the Bank of reland also injected liquidity into mey markets Wednesday to ease ward pressure on interest rates. The dollar closed in London at 7535 DM, down from 1.7630 at aesday's close, and at 139.15 yen.

wn from 141.50. Although the intervention lped slow the pace of the dollar's Il in Europe, it provided little lief for the stock markets. Share ices fell again on most Asian and uropean exchanges, although 'all Street's blue-chip index used a fraction of a point higher. Economists said that Wednes-

London D	 ollar F	
Clasing	Wed.	Tue.
Deutsche ausric	1,7535	1,7630
Pound sterling	1.7105	1.4945
Jópanese yen	139.15	141.50
Swiss franc	1,4435	1,6540
French frenc	5.Ba50	5,9660
Source : Reuters		-•
	7	

threat that such a plunge poses to

world economic stability The dollar simply has to move lower and this is a massive, coordinated attempt to make the decline stock collapse by pouring in liquid-ity," said David Jones, an interna-support," a trader said. tional economist with Aubrey G. Lanston & Co. in New York.

industrial nations are likely to try to hold the dollar in a range be-tween 1.70 and 1.80 DM, compared to the range of 1.80 to 1.90 DM that to continue.

they reportedly agreed to support

But they warned that in the cur-

that Wednesday's moves also sig-ost inevitable, given the collapse global equity prices and the roman monetary policy.

"The Bundesbank and the other central banks know that intervention" over a length of time is "fu-tile," she said, "unless it is backed

by monetary policy."
In New York, Mr. Jones agreed that a significant shift had oc-curred. He linked it to a report Tuesday that West Germany's monthly trade surplus swelled to 11.5 billion DM (\$6.26 billion) in September, the second-highest level on record.

Some dealers, however, said they doubted central banks could force as orderly as possible and to cush- the dollar into any kind of range at ion the other financial markets the moment. I think what they are from the negative effects of the hoping is that the market will find a bottom for the dollar that they can

The dollar's decline also put strain on the European Monetary "The central banks are going to save the world from global depression by reflating it," he said. "There is no happy medium."

Mr. Jones said that the leading industrial nations are likely to true.

Strain on the European monetary System by pushing the mark to a record fixing in Paris of 335.17 french francs per 100 DM, up from the previous record of 334.96, set Jan. 19. Economists said that the con-

certed attempt to maintain control over the dollar's decline was likely they reportedly agreed to support in February.

Ute Geipel, chief economist at Citibank AG in Frankfurt, said

But they warned that in the current chaotic economic situation, many of the central bank's short-term options, such as pumping life.



DOLLAR BLUES - A chalkboard at the Frankfurt stock exchange, where the dollar was fixed nearly 3 pfennigs lower Wednesday against the Deutsche mark.

# POLICY: Pressure Mounts on Bonn to Expand Economy

(Continued from Page 1)

exporting companies were particularly hard hit in Frankfurt on Wednesday, underlining the need for West Germany to rethink its hitherto "intransigent" attitude.

they added. If the Bundesbank does not act. there would be a crisis in the European Monetary System and the dollar would continue to fall, pushing U.S. bond prices down and further weakening the stock market, Mr. Brown said.

Other analysts were concerned that West Germany would continue to turn a deaf ear to pleas for action that would reduce its trade surplus, attract more imports and allow other European economies to the dollar fell. grow faster. West Germany has long been resisting these pleas, for fear of reigniting inflation.

Most analysts and European officials, however, continued to give equal priority to the adoption of a "market-convincing" plan in Washington to cut the U.S. budget deficit, preferably within the next

few days.

But there were fears that political posturing in Washington would delay an early deficit reduction accord. The Democratic-controlled Congress appeared to be more in-terested in forcing President Ronald Reagan to "say uncle" on tax increases, which he has long opposed, than to fashion a serious budget agreement, said one official, ing. one official said.

"If the stock market won't wake

Both government and private

them up, then the currency markets will have to." the official said, re-ferring to both the congressional and White House negotiators.

As the Deutsche mark hardened against weaker European currencies such as the French franc and the Italian lira private analysts speculated that European Community finance ministers might have to meet to discuss a possible re-alignment of EMS exchange rates.

But officials discounted the prospect, saving that it was quite usual for the gap between the mark and the other currencies to widen when

One European source put the chances of an early meeting of the Group of Seven leading industrial countries at "better than 50-50." especially if the dollar continued to plunge. But the general view was that the worst thing possible would be to hold such a meeting without positive results.

U.S. officials continued to insist that no such meeting had been scheduled. The United States' partners would much rather see James A. Baker 3d, the U.S. Treasury secretary, concentrate on ensuring the success of the budgetary negotiations between the White House and Congress in Washington, and not

Both government and private economists in Europe were hoping that the Washington negotiations would lead rapidly to a convincing commitment, not just to cut the budget deficit this year but to put it on a clear downward track in the years ahead. Such a plan should, if possible, he agreed upon this week. they said.

European sources said that the plan could then be incorporated into a G-7 package, in which both West Germany and Japan would commit themselves to expansionary tax and interest rate policies.

Under those conditions, the seven countries could reaffirm their so-called Louvre agreement on exchange rate and economic policy cooperation in the hope of stabilizing the dollar at the lower rate it would then have reached.

Private economists were unanimous in saying that the two main tasks were to keep growth alive in countries outside the United States so as to offset the slower American growth they now expect next year and to try to brake the dollar's descent.

Mr. Johnson said that under a "benigh" scenario, he foresaw the dollar dropping to 1.70 DM and 135 ven by the end of the year.

W-X-Y-Z

# Wednesday's Prices

NASDAQ prices as of 2 p.m. New York fime.

Via The Associated Press Soles in Net Div. Ykl. 180s High Low 2 P.M. Chies

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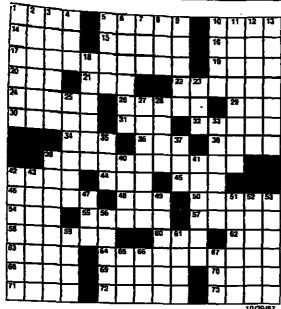
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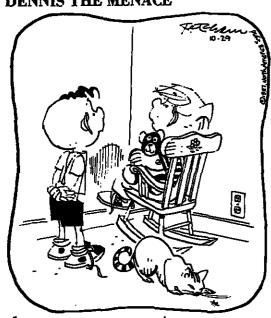
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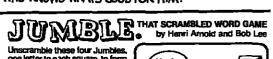
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### DENNIS THE MENACE



\* I have to stay here because I'm a young man WHO KNOWS WHATS GOOD FOR HIM.



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Jumbles: CURVE GLORY SAVORY FORGET The person who may give you more trouble than anyone else—YOURSELF

### WEATHER

### **PEANUTS**

BLONDIE

BEETLE BAILEY

WE'LL SIT HERE IN THIS PUMPKIN PATCH AND WHEN THE "GREAT PUMPKIN" FLIES OVER WE'LL BE THE FIRST ONES TO SEE HIM!



SOME OF

YOU WIGHT

WONDER HOW

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PUNKIN!

STAND







REX MORGAN I GOT UP THIS MORNING,
FEELING FINE! THEN, ALL OF
A SUDDEN, I GOT THIS AWFUL
HEADACHE! I'VE NEVER HAD
PAIN LIKE THAT IN ALL MY
LIFE! YOU WERENT IN CLASS THIS MORNING, CIND! IS SOMETHING WRONG? LOOK, I THINK WE SHOULD HAVE DR. MORGAN SEE YOU! I'LL TRY TO REACH HIM AND CALL 1--1 DON'T YOU RIGHT BACK!



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### **BOOKS** of the Ford Motor Co. gave these themes a

THE FORDS: An American Epic

By Peter Collier and David Horowitz, Illusa matter that had consequence for a company and an industry as well as for an individual. The ability of Henry II to assert himself against the grandfather in 1943 would affect the postwar economy of America as well as his own personal destiny and that of his brothers. That is exactly right, and it explains why this new book is their best to date. Where "The Rockefellers" and "The Kennedys" both verged on the gossipy. "The Fords" has integrity and consequence.

Though the authors make the point a little too elaborately—their only excess—they are trated. 496 pages. \$22.95. Summit Books, 1230 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Christopher Lehmann-Haupt

Constopher Definition and there is a Berry great fortune there is a Degreat crime." Balzac once said. Peter Collier and David Horowitz — after citing this remark near the end of their riveting new biography of the automotive family, "The Fords: An American Epic" — are quick to add: "Old Henry, perverse as always, reversed things: the fortune came first and then the crimes."

Of course, by "crimes" Collier and Horowitz don't mean violations of public law, but in-stead moral transgressions, in this case what old Henry Ford did to his son, Edsel, by denying him his manhood, and what he did to his wife, Clara, by carrying on his long affair with Evangeline Core, with whom he apparently conceived a son, and whose marriage to his chauffeur. Ray Dahlinger, he seems to have arranged as a cover.

The authors have always been fascinated with such "crimes" of the rich and powerful, as evidenced by their two previous multi-genera-tional biographies, "The Rockefellers: An American Dynasty" and "The Kennedys: An American Drama." But in the Ford family story they seem at last to have found their ideal subject. For here the sins have deeper consequences than the hurt they did to individuals.
Collier and Horowitz have written their own best book review when they observe in their

concluding bibliographic note:
"As we became more deeply involved in our research, we discovered some of the same themes we'd found in our other books— eternal themes such as the conflict between parents and children, between the needs of the self and those of the family. Yet the existence

Solution to Previous Puzzle

SALSA NERO NEST

caused him to hurt or destroy many members of his family. But they also allowed him to redeem his father's dream, and to turn the Ford Motor Co, into a successful modern corporation that no longer needed an autocrat to ad it. Is this the best book yet to be written about the Fords?

weight and gravity. Whether or not Edsel Ford

could assert his birthright against the destruc-tive and irrational opposition of his father was a matter that had consequence for a company

too elaborately—their only excess—they are correct in emphasizing their story's classical form, its resemblance to many of literature's

Once upon a time there was Henry I, who built a great industrial empire by perfecting the assembly line and bringing the automobile to

the common man.

His fatal flaw lay in his being an "insecure man who felt that he had to keep reconquering the institution that was finally more important to him than his own flesh and blood."

except the common man.

Then came Edsel's oldest son, Henry II, who

combined both the strengths and weaknesses

of his father and grandfather. These qualities

great dramas.

the common man.

the Fords?

Several worthwhile histories have been done on the family's great contributions to the automotive industry, from Allan Nevins's authoritative three-volume work, "Ford: The Times, the Man, the Company," to Robert Lacey's recent "Ford: The Men and the Machine."

What is newsworthy about this new work is. first, the light it sheds on Henry's complex personality, and, more important, the case it makes for Henry II, who died last month, in his battles with his rival, Lee Iacocca, now chairman of the Chrysler Corp.

Henry II was apparently willing to least intact his reputation for being little more than a vindictive Falstaff. But Collier and Horowitz have shown he was Prince Hal and King Henry IV as well. He wasn't going to tell them. But they found out. And it makes a wonderful

Christopher Lehmann-Haupt is on the staff of The New York Times.

# **BRIDGE**

By Alan Truscott

LIATEST

MANIATINA

UNNING players sometimes pass with freakish hands, planning to surprise their opponents later. This hiding-in-the-bushes tactic can succeed against naïve opponents, but it courts disaster against an experienced partnership. That was the outcome tion. He was on the verge of on the diagramed deal played a triumph when West's two-club week ago in the Knickerbocker rebid was passed. Since West sectional tournament, but it had made a limited opening, came close to a surprising tri-umph. Sitting East and West, and using the Precision Sys-ard strength for game. But the tem, were Lisa and David fit was miraculous, and the Berkowitz of Old Tappan, East-West hands, with 19 high-New Jersey, who were en route card points, had a sure game to adding to their large collec-tion of mixed titles won at the local, regional and national levels. Exactly how many spades South should bid after his opponents have bid the red

vanced bid: four no-trump, which would not be Blackselect a suit contract at the the other suits. He cashed his in the bushes, thus giving his opponents all the room they needed to exchange informaand a possible siam. It South had stayed in the bushes. East-West would have missed their game. But South could not re-sist bidding two spades, a con-tract he knew he could make.

opponents into five clubs be-double. He led the diamond cause West could make an ad- ace and had to decide whether his partner would be able to ruff the second round. He was wood but a request to East to able to find out by checking five-level. South chose to lurk club ace and his heart ace, on which his partner played successive deuces. This was a clear message to revert to diamonds, and the ruff produced 800 for the defense. Sout wishes he had stayed in the

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STATE TO THE

suits is an interesting question. But this reopened the door and there spades would probably work well because West might there was no way to close it. Eventually, South had to defour hearts. Curiously, South clubs doubled, which would be character of green if he World Stock Markets
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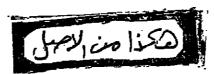
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# **SPORTS**

# Yanks' Mattingly Gets First 'Perfect' Rating in Major League Baseball

By Murray Chass New York Times Service

NEW YORK — Don Mattingly of the New York Yankees, who for the past two years has generally been considered the best player in major league baseball, gained a new distinction Tuesday. He became the first player to receive a perfect score in the seven years of the ranking statistics.

The statistics, based on the 1986

and 1987 seasons, are compiled by the Elias Sports Bureau to deter-nine the rank of players eligible to be free agents. A free agent's rank, in turn, determines what level of compensation, if any, is required if the player signs with a new team. The rankings, however, are also the most complete guide for statistically comparing players at each position and in ranking groups.

Mattingly is the first to place first in every category in the statistics used for ranking his position. First basemen are ranked on plate appearances, batting average, on-base percentage, home runs and runs bat-ted in Because Mattingly is first in each category, he got a rank of 1.0.

In the previous six years, the lowest, or best, rank in either league was 1.4 for Mattingly last year and 1.4 for Eddie Murray of the Balti-more Orioles in 1984. The player's placements in the various categopes are added, then divided by the number of categories to get the making number.

Closest to Mattingly in this year's computations among American League players is Cal Ripken Ir. of Baltimore, with 3.143.

The best rank in the National League belongs to Mike Schmidt of the Philadelphia Phillies, with 429. Schmidt is the top-ranked third baseman for the seventh year, making him and Gary Carter of the New York Mets the only players in both leagues to be ranked at the top of their positions all seven years.

Mattingly has been the top-ranked AL first baseman for three consecutive years. Ripken the top-ranked shortstop for four straight years. The only other AL repeater from last year is Larry Parrish of the Texas Rangers, as the No. 1 designated hitter.

Ernie Whitt of the Toronto Blue

Jays replaced Lance Parrish of the Detroit Tigers as the top-ranked catcher, Johnny Ray of the California Angels replaced Lou Whitaker of the Tigers at second base, Wade Boggs of the Boston Red Sox re-placed George Brett of the Kansas City Royals at third, George Bell of the Toronto Blue Jays replaced Jim Rice of the Red Sox in the outfield, Roger Clemens of the Red Sox re-placed Jack Morris of the Tigers as the starting pitcher and Mark Eich-born of the Blue Jays replaced top relief pitcher.

In the National League, repeaters besides Schmidt and Carter were Dale Murphy of the Atlanta Braves, for the fifth successive year the No. 1 outlielder, and three players for the fourth straight year: Keith Hernandez of the Mets at first base, Ryne Sandberg of the Chicago Cubs at second and Ozzie Smith of the St. Louis Cardinals at shortstop.

The only changes in the NL from last year were in pitching. Mike Scott of the Houston Astros sup-planted the Mets' Dwight Gooden as the top-ranked starter and Todd Worrell of the Cardinals replaced

five ranking groups. Catchers, starting pitchers and relievers re-

ed hitters are grouped together, as are second baseman, third basemen

and shortstops.
In the AL, Mattingly was the No. I player for the third straight year in his ranking group and Rip-ken was first in his group for the fourth consecutive year. In the NL, Murphy was No. 1 in his group. replacing Hernandez, who had re-placed him last year after three years as No. 1. Schmidt was first among the infielders, supplanting Smith.

Martingly also received a perfect

score of 100 in his ranking group. Previously, the highest score in a ranking group was pitcher Steve Carlton's 98.925 in 1981, the first year of the ranking statistics. Mur-ray's 98.462 in 1984 had been the previous high in the AL.

When the players are ranked in groups, the top 30 percent of each group are classified as Type A for compensation purposes, the next 20 percent as Type B and the next 10 percent as Type C.



Kirby Puckett, the Twins' center fielder, was a touching sight as he rode through the streets decked out in fur coat and aviator's cap for the World Series victory parade.

# **Fans Shower Twins** With Love 'n' Money

The Associated Press

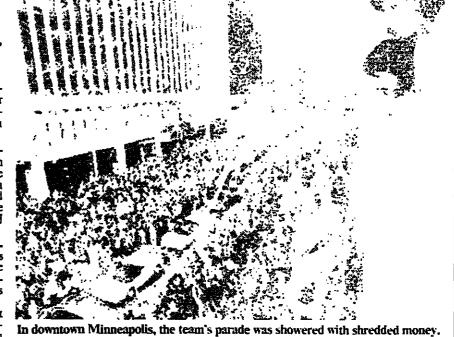
ST. PAUL, Minnesota - Hundreds of thousands of Minnesota Twins fans showered their heroes with millions of dollars in shredded money and waved the ever-present Homer Hankies in a World Series victory celebration Tuesday,

Police estimated that more than 200,000 people turned out for the start of the parade in Minneapolis and another 200,000 or more watched the parade through St. Paul and at a rally on the steps of the capitol. But crowd estimates were a crapshoot at best, with more than one police officer estimating a combined crowd of about a million for the entire event.

Governor Rudy Perpich gave most state employees the afternoon off and many Twin Cities schools followed suit. Perpich proclaimed the rest of 1987 "Twins' Year," and promised individual days in honor of each player and members of the rest of the rest

Pitcher Bert Blyleven said it was "the best recognition that any club could ever want," adding: "It makes you want to start playing again tomorrow so you can do it again next year."

People were hanging from windows, teenagers climbed traffic lights and construction workers nearly 60 stories above the street waved their hands and placards. Some 2,000 pounds (900 kilograms) of out-of-circulation



money, contributed by the Federal Reserve Bank in Minneapolis, was shredded for confetti. There was so much paper that fires broke out under at least three cars, two of which were occupied by Twins players Sal Butera and

rade. They escaped and got into other cars. At least one reveler was arrested in St. Paul. on a charge of criminal damage to property. "I guess somebody who had 100 much to drink ripped a license plate off a squad car," said Captain Robert Gray, a watch commander.

# Hearns Takes Aim at Roldan, a Fourth Title and History

By Phil Berger New York Times Service

NEW YORK -- Thomas Hearns will be shooting for a place in boxing history Thursday when he fights Juan Roldan for the World Boxing Council middleweight title in Las Vegas. Should he win, Hearns would be the first fighter to have held four

On the face of it, that would be a remarkable chievement. For there is a tendency among fighters who step up in class to lose punching power when they do. Yet Hearns, who began his professional career as a welterweight (a 147-pound, or 66.6-kilogram, limit) won his last title, in March against Dennis Andries, as a light heavyweight (175 pounds). Hearns not only beat Andries he knocked down the WBC champion six times before stopping him in 10 rounds.

Against Roldan, Hearns is obliged to come in at or under the 160-pound middleweight limit. For Hearns, the Roldan fight may give him

historic legitimacy but it remains to be seen whether that would help his boxing image. World titles today are not at the premium they were years ago, before the sport was fractionalized by three gov-

erning bodies: the WBC, the World Boxing Association and the International Boxing Federation.

Each of those groups has a different set of champions, except in the rare instance where a title has been unified. Currently, only the heavyweight division has an undisputed champion: Mike Tyson. All other weight classifications have multiple

There has been further proliferation of world titles through the relatively new, so-called junior weight classes - for example, the junior welterweight (140-pound limit) and junior middleweight (154 pounds) divisions. This development makes purists fondly recall the 1950s, when there were eight world champions in divisions that ranged from flyweight (112 pounds) to heavyweight. Then the average boxing fan did not need a computer to keep track of the sport's titleholders.

Despite such arguments, Hearns sees his quest for a fourth title as crucial to his standing in the

"When I beat Roldan, it will erase all the criticizing I've been getting from people because of the fact that Ray Leonard and Marvin Hagler beat "You're blowing it, son," trainer Angelo Dunme," he said. "It seems like I get a lot of flak for dee told Leonard between rounds 12 and 13.

that. People always bring up the two losses, and never what  $\Gamma$  ve done. This fight will put me in the history books and put great thoughts in people's

But for now, the rap on Hearns is that he can't win the big ones.

He faced Leonard and Hagler in fights that were major spectacles. He failed both times, the only losses on a record of 44 victories, 37 by knockout. Hearns, who is known as the Hit Man, is recognized by most boxing experts as a powerful punch-er, but the losses diminished his reputation and raised questions about his staying power against opponents who can stand up to his blows.

Leonard not only withstood Hearns's best shots, he hit Hearns hard enough to force a reversal of roles during their Sept. 16, 1981, welterweight title fight. Hearns, the stalking slugger, had to turn boxer to avoid the damaging blows of Leonard, a master boxer who suddenly became the pursuing

Late in the fight, Hearns was ahead on the official

Leonard scored a knockdown in the 13th round. and stopped Hearns a round later.

Hagler was another story. In their April 1985 bout, Hearns decided to fight toe-to-toe with the undisputed middleweight champion. While it lasted, the blows were nonstop and vicious. Again. though, Hearns unraveled, as fatigue and the toll of Hagler's punches made his legs wobble. Hagler knocked him out in the third round.

With an impressive victory over Roldan, a 30year-old Argentine with a record of 63-3-2, and 41 knockouts, Hearns, 29, hopes to become boxing's big draw in the middle-range weight classes. In the back of his mind is the prospect of a much-desired rematch with Leonard or Hagler, perhaps both. But Roldan, a rough and durable opponent with a bore-in style, is no sure thing. "He bulls his way

in," said Hearns, "He doesn't respect nobody. But I demand my respect. How I'll demand my respect is by showing him a hard left jab. From there I think homas Hearns will box his way to a victory."

In the past, Roldan has shown a penchant for roughhousing opponents. "He is not the cleanest fighter in the world," said Hearns. "But I'm not going to let him in close enough to use his head.



Thomas Hearns got a hug from daughter Natasha. 4. after sparring with reporters.

forearms and shoulders. I'll keep him fighting on the outside. And tie him up when he does get inside." Hearns won the first of his championships in August 1980, when he knocked out Pipino Cuevas in two rounds to win the WBA welterweight championship. He beat Wilfred Benitez for the WBC super welterweight (also known as junior middle-weight) title in December 1982.

### **SPORTS BRIEFS**

### NFL Pension Surplus 'Wiped Out'

KANSAS CITY, Missouri (WP) - Jack Donlan, the National Football League's chief labor negotiator, said Tuesday at the annual fall meeting of the teams' owners and the league commissioner. Pete Rozelle, that the players' pension fund surplus — which had been \$40 million — has "for all intents and purposes" been "wiped out" by the declining Donlan said he would like to resume negotiations with the NFL Players

Association soon, but that reaching agreement on one of the major issues pension benefits for the players - could become a problem. The ow ers increased team rosters to 50 players for the rest of this season, with 45 to be selected each Tuesday to play in that week's games.

## **Tottenham Picks Venables to Manage**

LONDON (AFP) - The English first division soccer team Tottenham Hotspur ended four days of intense speculation Tuesday when it chose Terry Venables to take over from David Pleat as manager on Dec. 1. Pleat resigned under pressure last Friday after newspaper allegations about his private life. Venables, 44, who was fired as manager of the Barcelona team in September, said he could not take up his new duties before December because of "outstanding commitments." He played in Tottenham's 1967 FA Cup winning team.

### For the Record

The Seibu Lions, with a bases-empty homer by former major leaguer George Vukovich beat the Yomiuri Giants, 2-1, to take a 2-1 lead in the

Scott Garrelts of the San Francisco
Giants as the No. 1 reliever.

Once the players are ranked at each position, they are placed in manager of the year by the Baseball Writers Association of America. (AP) Pete Rozelle, the NFL commissioner, said of the league's replacement games during the players' strike: "It's unfortunate we had to play them them the strike while first the new them to the strike while first the new them to the new them t

# Glasnost Gets a Good Ride in D.C. International

By Andrew Beyer

Washington Post Service
WASHINGTON — Mikhail Gorbachev may be playing it coy on the matter of a summit meeting, but at least <u>Gjatsk</u> is upholding the spirit of glasnost. The 3-year-old will be the first thoroughbred from the Soviet Union to race in the United States in 21 years when he D.C. International.

Although he has attracted more attention than any of the other entries in the race, Gjatsk remains a mystery horse, for Soviet racing is as insular as other aspects of Soviet society.

Soviet horses almost never venture outside the East bloc, so there are no lines of comparison to draw between them and horses from Western Europe or America. Who knows what it means that Gjatsk won the Soviet-Mongolian Friend-ship Prize by a length this summer? Most likely it means that the colt was meeting a distinctly inferior brand of competition, but that's what handicappers here thought when the last Soviet entrant, Aniline, competed in the 1966 International. He finished second to France's Behistonn and beat America's top grass runners in the process.

Aniline's jockey and trainer that but both broke down. Gjatsk has canceled only if the temperature day was Nikolai Nasibov, this week, been beaten this year by Omen, the falls below minus-25 degrees Fahr-Nasibov was back at Laurel Race Polish entrant in the International. Track training Gjatsk, and remembering Aniline with affection.

"We had three trainers at our faint, and we would draw lots to day. Moreover, Gjatsk hasn't raced

through an interpreter. "We put the peted on the turf.

decide who got what horse," he said in two months. And he's never com-

horses' names on pieces of paper Realistically, the Soviets cannot

Trainer Nikolai Nasibov sees only one similarity between the Soviet and U.S. thoroughbred industries: "We have the same crazy people like in America. They like to bet."

and pulled them from a hat, and I expect to win this International,

was the one who got Aniline. remembered not only in the Soviet racing and breeding. Union but in Europe. In the Interhaven't had a horse so good for a only one great similarity: "We have lone time.

Is Gjatsk in Aniline's class? ica," he said. "They like to bet." While the Soviet system
"No, no," Nasibov replied. He
explained that there were at least
While thoroughbreds race at the
While the courages too much profit. representative to the International, year-round. Nasibov said racing is eration, either. The state owns all the

as the one who got Aniline. but they are here to observe and to He was a very good horse. He is learn what they can from American

The differences between the two the same crazy people like in Amer-

two better horses in the Soviet Moscow Hippodrome in only tem-Union when it was decided to send a perate months, harness horses run bred industry, profit isn't a consid-

enheit (minus-31.5 centigrade).

When the Olympics were held in Moscow in 1980, Newsweek magazine columnist Pete Axthelm paid a visit to the Hippodrome and came away with the impression that Soviet horseplayers may have to suffer from more than the weather.

the feature race, there was one big. strapping chestnut mare, another one who looked okay and the rest of the field didn't even look like thoroughbreds," Axtheim said. "I stepped in and bet 200 rubles to win, a 100-ruble exacta and 'wheeled' the mare for five rubles in the double. She won by 20 and the other horse finished 20 lengths in front of the rest of the field. There wasn't any tote board, but I figured l'd made a tremendous score.

Axthelm went to the window national he just couldn't keep up countries' thoroughbred industries and, for his 340-ruble investment. in the final 500 meters. But we are drastic, of course. Nasibov sees collected 400 rubles - a return of less than 1 to 5 after hitting the winner, the exacta and the double. While the Soviet system doesn't forbid gambling, it evidently dis-

In the rest of the Soviet thorough-

### Swedes Get NFL British Dropped The Associated Press

KANSAS CITY, Missouti The owners of the National Football League teams approved Tuesday the playing of two exhibition games outside the United states next summer: the Chicago Bears against the Minnesota Vikings in Goteborg, Sweden, on Aug. 12 or 13

the Cleveland Browns in Mon-

treal between Aug. 18 and 22. For the first time in three years, however, there was no preseason game scheduled for Wembley Stadium outside London, where the Bears and the Dallas Cowboys played two summers ago and the Los Angeles Rams and the Denver Broncos played this August to 2 nearly full house.

horses, although they are managed by 12 breeding farms.

Even though it may sound as if there are no incentives in the system. Nasibov explained that the farms are autonomous and have a spirited rivalry, "Everybody wants to heat each other," he said, "Without competition, you can't have progress.

### SCOREBOARD

### **Football** 13 8 21 4 5 9 1.71 11 9 20 4 5 9 1.57 3 18 21 8 2 10 1.57 Possine Att Cp Yds Tds Pts 137 94 1329 11 175.1 145 85 1509 14 148.2 154 105 1314 10 157.4 U.S. College Leaders Alkman, UCLA AACPherson, Syr Burger, Aub Hartlieb, lowo Schnell, Ind Jones, Talone 3 18 21 8 2 19 1.57 TEAM DEFENSE Total Defense Plays Yds Yds Pa 441 1342 191.7 457 1520 217.1 442 1570 224.3 444 1770 224.1 447 1772 24.6 442 1775 24.6 448 1736 24.6 471 1888 25.6 471 1888 25.6 471 1888 25.1 481 1845 23.7 TEAM OFFENSE Tenne Plays Yds Yds Pe Plays Yds Yds Pe S35 3619 517.0 544 504.2 557 3341 505.8 607 7904 485.2 547 3258 465.4 327 3276 445.7 539 3074 442.0 593 3518 259.7 590 3015 431.5 505 3015 431.5 494 3074 422.0 1416 142 106 1452 8 152.1 161 99 1412 11 150.3 189 116 1581 14 146.6 Oblationar Hebruska Flando St. Hab Wromins See Dispo Si. South Caro. Southern Car Air Force Air Force Son Jose St. Syname Laulskeyn St. Clemson Florida Pittsburgh West Vo. UCLA C1 Yds C1 Pg 6 57 555 95 6 46 767 7.6 7 48 688 6.8 7 48 596 6.8 7 47 616 6.7 8 52 734 6.5 Phillips, Hou Mathis, Nilex Zeno, Tulane Jenkins, Fres Davis, LSU Liegins, Sn.Jose Syracuse lowa Michigan St. Auburn Scering TO XP FG Pts Pt Pg 12 0 0 72 10.29 12 0 0 72 10.29 0 28 14 70 10.00 482 1862 266.0 Fakava, Hawaii Cobb, Tenn Schmidt, FlaSt Cox. MiaFla Hewitt, SDS: Oktohomo Air Parce Nebroska Texas Christian Arghy Yes Yes Pa 62.6 67.1 68.0 79.4 79.4 448 3037 433.9 438 470 474 UCLA 507 3007 375.9 435 2552 364.6 Nebraska Clemson Alichigan St. Syrocuse 0 20 10 50 10.00 13 0 0 78 9.75 0 16 14 58 9.67 397 2250 321.4 482 2165 309.3 Pessing Aff Co Yds Yds Pe 118 52 706 100.9 171 67 743 10c.1 161 70 761 108.7 139 61 861 123.0 131 72 879 125.6 Att Co Yds Yds Pe Treadwell, Clem Gussman, Mia, O Cax, MiaFla Schmidt, Flash 17 14 .824 2.33 21 17 .810 2.13 368 224 2971 371 A 286 163 1973 328.8 372 177 2293 327.6 318 182 2290 327.1 10 .833 2.00 19 14 .737 2.00 16 13 .813 1.86 19 13 .684 1.86 360 214 2605 325.6 Mackle, \$C G Pts Ave 7 345 49.3 7 368 44.8 5 202 40.4 7 274 39.1 7 263 37.4 G PIS AVE 7 42 60 7 64 9.1 7 65 9.3 7 84 12.0 Oklatoma Neoreska Momi (Flo.) Florido St. VCLA Yds TD IPG 7 14 0 .88 6 150 1 .86 6 47 0 .75 Oklehome Cook. Va Allen, Arizst Sandroni, Miss Burt, lawa McMillan, Mo Florida Auburn South Care, Pittsburgh 7 85 12.1 INDIVIDUAL Ho. Yds. Net Punts Avg. Ret. Ret. Avg. Yds Avg Yds Pg 2449 43 30A1 1833 40 3055 2135 61 3050 2117 64 301.7 2147 67 2883 40 45.6 17 105 43.0 25 45.4 13 73 42.4 46 45.8 21 185 41.7 43 45.1 27 143 41.3 Sanles, SDSt Garrison, NMex Wilhelm, Oresi Elfis, SC Tupa, Chio\$t Tobor, Cal Robison, Stan Klipatrck, Wyo G.Mntgmrv, Mi Salmon, N.C.51 40 4543 47 4540 42 4538 42 47a 21 279 41.B Perez, SnJosc Hurus No Yds Avs 11 212 19.3 10 355 18.7 1860 6.4 265.7 1856 6.8 265.1 Rushles Cer Yds Avg Yds Pg 151 1011 6/7 144A 164 92a 5a 1712 279 920 42 1314 104 781 75 130.1 131 903 49 129 7 138 871 5.3 127 2 No Yes TD Ave 16 212 2 21.20 20 308 15.4 Sanders, Ok Grant, Sten Lewis, Ga 15 298 2 19.87 10 161 1 16.10 13 205 0 15.77 79 293 3 25.42 15 214 1 14.27 33 501 152 12 171 143 Green, UCLA CHeyword, Pitt Smith, FloSt Jellery, TCU Y # AVE 33 874 27.2 17 585 746 18 457 255 AH-Purpose Runders Rush Rec PR KOR Yas Yas Pe 15 411 22.8 Greer, Cal Disgn, Hou Martin, LSU 10 323 0 3230 25 765 1 3046 20 747 24 471 1282 21347 817 167 0 328 1322 188.86 598 187 170 54 1009 188.17 352 248 0 536 1133 161.86 420 181 0 326 1133 161.86 420 181 0 326 1127 161.50 Mathis, NMX Wilkran, Kni Melcoll, Tas 11 331 0 30.59 9 265 1 29.44 14 400 0 28.57 17 465 1 27.35 B.Tyle, Or51

**PGA Leaders** Statistical leaders on the PGA four thru the Tucson Open, which ended Oct. 25: EARNINGS Money \$718,941 \$638,481 \$537,032

Curtis Strange
 Paul Azinger
 Scott Simpson
 Larry Mize
 Sen Cresslow
 Tom Kite
 Payne Stewart

# Skiing

### World Cup Schedule MEN'S CALENDAR

MEN'S CALENDAR

Nov. 27-29: Sestriere, Hoty, Stetom, Super
Glont; Dec. 6: Val d'Isèra, Fronce, Downhilli:
Dec. 12: Val Gardeno. Hoty. Downhill: Dec.
13: Atla Bodio. Hoty, Glont Slatom; Dec. 16:
Modonna d' Completio. Italy. Solom; Dec. 1328: Kraniskngora. Yugoslavia. Slatom; Dec. 1329: Kraniskngora. Yugoslavia. Slatom, Glont
Stotom: Dec. 31: Schladming. Austria. Downhill; Jun. 5: Bad Wlessee. W. Germany. Slatom; Joh. 9-18: Germisch-Partenkirchen,
W. Germany. Downhill, Super Glont; Jan. 1417: Kitzbutel, Austria. Downhill, Slatom.
Joh. 19: Adelboden, Switzerland, Glont Slatom; Jan. 23-31: Wengen, Switzerland, Downhill, Super Glont; Jan. 23-31: Chemonix-Marzine, Franca. Downhill, Glont Statom; Marchal hill. Super Glant; Jan. 39-11: Chemonix-Mor-zins, France, Downhill, Glant Stelom; March 54: Whistler Mountain, Canada. Downhill, Gi-un: Sicilom; March 12-13: Vall-Beaver Creek, U.S., Downhill. Glant Stolom; March 17-20: Aura, Sweden, Downhill, Salom; March 17-Dopdal, Narway, Sicilom; March 25-27; Saci-boch, Austria, Stolom, Super Glant.

WOMEN'S CALENDAR Nov. 26-22: Sestriere, Halv. Statom. Super Glant: Nov. 38: Courmoyeer, Halv. Statom; Dec. 4-5: val d'Isère, France, 2 Downhills; Dec. 11-13: Louterbod, Switzerland, Downhill. Dec. 11-13: Louiserbod, Switzertond, Downhill, Stolom, Super Glomt: Dec. 19-20: Plancavollo, Italy, Stalom, Clant Stolom; Jan. 5: Megève, France, Glont Stolom; Jan. 9-10: Les Diabler-ets, Switzerland, Downhill, Glont Stolom; Jen.

15-14: Pfromen: W.Germany, Downmit, Suber Giont, Jan. 17: Lenegries, W.Germany, Sialom; Jan. 23-24: Bodgostein, Austrio, Downhill, Sio Gen; Jan. 38-31: March 4-6: Aspen, U.S., Down-hill, Sialom, Gent Siolom; March 11-13: Ros-tond, Cenddo, Downhill, Super Gion; March 24-27: Saatbach, Austria, Downhill, Glant Sio-lom, Parailel Stolom.

### Golf

\$457,327 5437.492

12. Corey Powin

22. SAPA,06

SCORING

1, David Frost, 79.10.2, Don Pohl, 70.21.3, Poul
Azinger, 70.30.4, Tom Kife, 70.40.5, Ben Creeshaw, 70.44.6, Curils Strange, 70.45.7, Fred
Couples, 70.47.8, Scott Hoch, 70.51.9, Payne
Stewart, 70.52.10, Bernhard Longer, 70.56.
DRIVING DISTANCE

1, John McComish, 253.9, 2, Davis Love III,
281.5, 3, Jöey Sindelor, 280.3, 4, Mac O'Grady,
728.1.5, Green Norman, 277.4, 6, Fred Couples,
728.1.5, Green Norman, 277.4, 6, Fred Couples,
724.7, 7, Joy Don Bidke, 775.2, 8, Bill Glosson,
744.4, 9, 2 tied with 273.2.

DRIVING ACCURACY

DRIVING ACCURACY

1, Colvin Peete, 830. 2, Alize Reid, 804. 1,
Larry Mize, J75. 4, David Frest, J74. 5, David
Edwards, J72. 4, 8pb Murphy, J19. 7, Hol Sutton, J62. 8, Bruce Lleftse, J57. 9, John Mohafley, J55. 10, Tom Kite, J52. GREENS IN REGULATION

1, Bruce Lietzke, 729, 2, Hal Sutton, 718, 3, Dan Pohl, 716, 4, John Mahattey, 710, 5, Mike Reid, 789, 4, Mark McComber, 708, 7, Tam Watson, 708, 8, Curtis Strange, 705, 9, Fred Couples, 704, 10, Jay Hoos, 702.

PUTTS PER GREEN I, Don Pooley, 1745.? (IIe), Lanny Wadkins and Ken Brown, 1746. 4. Marris Holatsky, 1748. 5. Ben Crenthaw, 1749. 6. Dovid Fras, 1,754.7 (IIe), Larry Mice and Tom Kite, L757. 9.

pidwell, 1,760, 10, Payne Stewart, 1,761.

1, Phil Blackmar, 19.2 Stove Pate, 16.3 (tie). Davis Love III and Mac O'Grady, 13. 5. Gene Sauers, 12.6 (Ne), Dave Rummells, Chip Beck, offey and John McComist. 11, 10, 6

SENIOR TOUR POINTS 1, Chi Chi Redriguez. 2348,344. 2, Bruce Crampton, 1800.791. 3, Bob Cherles, 1480.258. 4, Miller Barber, 1406.256. 5, Garry Flover. 1354.222. 6, Cryllie Moody, 1168,306. 7, Dale Douglass, 1122,818. 8, Burich Beind, 1102.74. 9, Gene Littler, 889.263. 16, Billy Casper, 860.077.

### European Soccer

EUROPEAN CHAMPIONSHIPS Group 1 Qualifying Albania 6, Remonia 1 Group 3 Qualifying Soviet Union 2. Icoland 0 East Germany 3, Norway 1 INTERNATIONAL FRIENDLY

### Transition

BASEBALL baseman, his unco Lee May coach. NEW YORK—Bo

BASKETBALL BOSTON—Signed Antoine Carr, lorward, to n ofter sheet. in Otter Siect.

DENVER-Vince Boryla, president and leneral manager, resigned, to be replaced by DENVER-VINCE BOYUR, president and general monoger, resigned, to be replaced by Pete Babcock. Fired Harvey Kirkpatrick, communications director. Named Bill Young communications director. NEW YORK—Walved Glen Clem and Mike

Agryan, guards. SAN ANTONIO—Walved Richand Reliford, guard, and Jeroma Henderson, center. Ob-tained Kurt Nimphius, forward-center, from Detroit for a second-round draft choice in 1981. SEATTLE—Walved Michael Phelps and Terence Stansbury, guards and Scott Wed-

FOOTBALL Concion Football League
BRITISH COLUMBIA—Released Jon Hor-BRITISH COLUMBIA—Released Jon Horton, wide roceives.

HAMILTON—Added Kenny King and Don
Huclock, running bocks: Mike Derks, confer,
and Lieve Feirbanks, lackle, to the roster,
OTTAWA—Put Jeff Wickersham, quarterback, on Injured list for rest of season.
SASKATCHEWAN—Put Jeff Tedford and
John Hufnagel, quarterbacks, and Tim
MCCree, compine back on injured list for cest

AcCrew, running back, on injured list for rest of season. Added Tim Keerse, wide receiver, to practice rester. TORONTO—Added Scott Lesperance, tackle, and Calvin Turner, defensive end, to proc-

DALLAS-Put Luis Zendelos, Placekicker; Jimmy Armstrang, cornerback; Alvin Blount, running back; Chris Duliban and Russ Swan, running back; Units button and Riss swon-linebackers: E.J. Jones, fullback, and Sebran Spivey, wide raceiver, an injured reserve. DETROIT—Waived Mike Prindle, place-ticker, and Angelo King and Anthony Office. Inebackers. Put Placed Tony Dollinger and Stan Edwards. running backs: Anthony Fields, defensive back, and Girvanni Johnson, wide recaliver, an injured reserve.

wide receiver, on injured reserve.
HOUSTON—Walved Oliver Williams. Chris
Dorrington and Keith McDenald, wide receiv Darrington and Keith McDarlata, water-converse res. Aliteh Daum and Scatt Eccles, tight ends; Charles Clinten and Tony Newsam, corner-backs; Tom Briel, linebocker; Beo Orio and Joe Dixon, detensive tinemen: Jeroriti Brankin, guard; Kurt Kotentzis, safety, and John Dietrich, kicker, Put Allem Pinkett and Eric nes, running books, and Rober

INDIANAPOLIS—Signed Mark Walczuk, ight end, Walved John Williams and Chris AcLemore, running backs; John Haines, de-

McLemore, running backs; John Haines, defersaive lineman; Wes Neighbors, center;
Derek Holloway, wide receiver; Bryan
Jonos, defensive back, and Bob Oniko, linehacker, Put Orlando Lawry, linebacker, and
Mark Bover, light end, on Injured reserve,
KANSAS CITY—Waived James Lee and
Charles Merrilh, linbackers, and Bitt Schick
and Tim Stone, affensive lackles,
NEW ORLEANS—Waived Kan Kaplan,
Jackle, and Dwight Beverty, running Dock.
PITTSBURGH—Waived Kelvin Middleton,
strang safety: Jeff Lucus, affensive tackle,
SAN DIEGO—Released Rick Neuhelsel,
guarterback: Andy Hawkins, Anselo Snipes
and Pai Miller, linebackers; Curt DiGlacafta,
Greg Feasel and Dwight Wheeler, offensive
lineman; Mack, Moore, defensive end; Waiter
Harris and Darrell Hooper, defensive backs.

Harris and Darrell Hopper, delensive backs.

NHL Standings

and Keyvan Jenkins, running back, Put Gary Plummer, linebacker, and Biolse Winter, de-lensive linema, an injured reservo. SAN FRANCISCO-Wolved Glen Collins. linebacker, Put Mike Vargion, running back. was Hindred reserve.

WASHINGTON—Walved Babe Loutenperg,
uparter back, Ted Wilson, wide receiver, and
Gienn Denaison, light end, Pvi Dan Bonisr,
delensive tockler, Anthony, Coeriond, Ilincoocker; Rick, Febr, guard: Dan McCould, ollensive
tockler; Mark Carlson, Jackle, and Charles
landson, centry, on ultigad (reserve).

Jackson, salety, on intured reserve.

COLLEGE LOUISIANA STATE-Brish kinchen, light nd, will miss rest of season with a broken log. NCAA—Imposed Probation on Virginia Tech's lootball program with scholarship re-

### Hockey

VHL Standings							(2): Lemieux 7 (11). Simosan (7). Brown (3). Shots on goal: Las Angeles (as Melache) 7-1)-
WALES CONFERENCE							14-0-32: Physburgh (on Melanson) 16-8-5-2-
Patrick Division							_
	W	L	TI		GF G		Edmonton 0 0 0-0 Quebac 1 3 1-5
ew Jersey		3	0	12.		25	Brown (4), Edgles (2), Hawarth 12),
eshington	6	3	D	12	37	27	P.Stosiny (9), Cole (1), Shots on 9001; Edman-
Y islanders	5	2	1	11	31	20	ton (on Cosselin) 48-9-21: Quebec (on Futer)
Y Rangers	4	3	3	11	43	35	
hilodelphia	3	5	2	8	23	37	10-10-1235.
Maburah	2	5	3	7	40	42	Philodelphio 0 0 6—0
A	dams i	Divi	siaa				New Jersey 8 3 7-4
ontredi	5	4	1	11	40	32	Broten (4). Verbeek (7). Sundsfrom (2), Ma-
eston	5	3	0	10	31	30	cLean (3). Shots on Goal: Philodelphia (an
uebec	4	3	1	g	34	29	Chevrier   10-10-s-26: New Jersey (on Hex-
uffolo	3	4	2	8	33	30	tali) 9-9-9-27.
arttord	3	5	¢	á	22	34	Chicago 2 2 0 0-4
	_				_		N.Y. Islanders 3 0 1 0-4
CAMPBELL CONFERENCE							Savard (8), Valve (7), B.Wilson (2), Larmer
North Division W L T Pts GF GA							(5), LaFontaine (4), Makela (2), Bassen (3),
					43	 	Kromm (1), Shels on gool; Chicago (on Hru-
hicase	5	•	!	9	22	34	dey! 14-10-6-0-30: New York (on Masson) 17-
innesata	4		!	á	21	24	B-10-6-47.
etroli	4	3	٥	-	'n		
eronto	3	4	0	4	22	35 27	Minnesote 2 1 2—5-
. Louis	2		0	-	22	ن	St. Louis 2 0 1—3
Smythe Division							Acton 2 (2), Lawton 2 (2), Bellows (8);
monton	6		0	10	41	41	Meagher (4), Ewen (1), Federko (2), Shots on
A PODE	2	3	ă	8	24	22	goal: Minnesola (on Warnsley) 11-6-9-26; St.
innipės	2	4	1	5	22	37	Louis (an Tokka) 10-13-7—30.
s Angeles	2		6	2	30	J,	Washington 2 1 6—3
ucouver	-	_	-	_	-30	30	Voncouver 8 1 1 2
TUESDAY'S RESULTS							Sundstrom (3), Adams (3), Ridley (3), e.a.
os Angeles 1215—4							fer (2), Tambélitti (1), Sááfs on contract
Hsburgh				3 1		4	Ington (on McLean) 5-5-8-18; Vancouver (on
Corson (8), Hardy (2), Fenton (1), Taylor						vior	Peelers, Molarchuk) 9-15-9-13.
==							

# The White House Yell

WASHINGTON — The presi-dent held a press conference last week. It was his first one in seven months. Now Reagan can return to his usual way of communicating with the media — which is

yelling.
This is how the commander in chief deals with the fourth estate.

The president steps out of his helicopter outo the White House



"MR. PRESI-DENT, ARE WE AT WAR WITH IRAN?" . Buchwald The president cups his hand over his ear and shakes his head. When the question is repeated, he yells back, "NO. PM NOT SORRY I NOMINATED JUDGE BORK. MR. PRESIDENT, DO YOU

THINK THERE IS GOING TO BE A STOCK MARKET CRASH SIMILAR TO THAT OF 1929?" The president creases his forehead and then points his finger at the questioner. "IF IT WILL HELP OUR CONTRAS IN CEN-TRAL AMERICA, THEN I SAY A CRASH PROGRAM IS SOME-THING I WOULD SUPPORT."

Now the dog is getting away from Nancy, so the president grabs the leash. It's hard to control the dog and listen to a question at the same time, but the president manages to do it.
"MR. PRESIDENT," comes a

voice that can barely be heard above the sound of the copter. WHAT ABOUT NEW TAXES? WE'RE GOING TO BRING THAT UP WHEN GORBACHEV COMES TO THE UNITED STATES. IF HE WANTS A MIS-SILE TREATY WITH US. HE BETTER STOP FIXING UP OUR MARINES WITH RUS-SIAN GIRLS IN THE MOSCOW

### Kew Gardens Reopens

The Associated Press LONDON - Part of the Royal Botanic Gardens at Kew was opened Wednesday for the first time since an Oct. 16 storm damaged or destroyed about 10 percent of the garden's 11,000 trees.

way to the White House, Questions keep being thrown at him from the press pen. He pauses to listen to one from a network correspondent. "MR. PRESIDENT, IS CON-GRESS RESPONSIBLE FOR ALL THE TROUBLE IN THE

COUNTRY?" YES, AND TO SHOW GOOD FAITH THEY HAVE TO GET OUT OF AFGHANISTAN." "I MEAN CONGRESS, NOT

THE SOVIETS."
"I KNOW WHAT YOU MEAN. IT'S NOT MY FAULT THAT CONGRESS HAS ITS FEET IN CEMENT AND WONT PUT UP THE MONEY FOR STAR WARS."

All the newspaper people are writing furiously because these freewheeling questions and an-swers could mean a new turn in

White House policy. Thanks to the dog dragging him, the president is almost to the White House door and Reagan's aides, who have been biting their nails, sigh with relief.
"MR. PRESIDENT," comes a

chilling voice from the back of the press pen, "DO YOU THINK THE DOLLAR SHOULD GO UP

"I WILL NOT SAY WHAT I INTEND TO DO ABOUT IT BUT I WILL BE MEETING WITH MY SECRETARY OF DE-FENSE TO MAKE SURE WE HAVE ALL THE WEAPONS THAT ARE NECESSARY."

As the dog pulls Reagan through the door, Helen Thomas yells, "THANK YOU, MR. PRESI-

By this time the White House staff is congratulating the president

on the press conference.

"You really socked it to them,
Mr. President," his press secretary tells him.

"They haven't laid a finger on me since we put those extra propel-lers in." the president mutters. "Give the dog some credit too."

Nancy says. Reagan smiles, "What this job is all about is communicating. If I can communicate by yelling and my voice remains strong. I will never have to worry about holding a pre-pared press conference again."

# At 61, a TV Wizard Starts All Over Again

By Diane K. Shah T OS ANGELES -- Inside Bungalow I at his new headquarters in Culver City, Grant Tinker is holding a meeting. On the stroke of 10:30 A.M., an anxious writer, his agent at his heels, ar-rives to pitch a half-hour comedy

Since last December, three

months after he walked away from his job as chairman of the board at the National Broadcastboard at the National Broadcast-ing Co., leaving it as the No. I network, this is what Tinker has been doing: listening, trying to ferret out genuine creative talent from the hordes who claim to have it. That was his charge when he became partners with Gannett Co. to create GTG Entertainment. It is a venture that Tinker intends to be a re-creation of his first one, MTM Enterprises, the folks who brought you Lou Grant and Mary Richards — "The Mary Tyler Moore Show" — and set the standards by which prime-time

programming is judged today. Since MTM's inception in 1970, however, the world of commercial television has drastically changed. The economics of putting a show on the air have become so dizzying as to appear inevitably destined for red ink. Plus, the invasion of cable and the new Fox Broadcasting Co. are draining an already limited talent pool Much of Tinker's success was ascribable to his knack of finding writers and keeping them happy. But now the writers Tinelped launch he can no longer afford, and he is faced with

again. "Essentially, I see TV today much like it was in 1970," says Tinker. "You have a lot of people like me who want to supply the network. The only difference is the dollar factor.

finding bright new ones all over

Currently, GTG has 15 shows in the works, 10 of them situation comedies. Tinker has already presented CBS-TV with scripts for two sitcoms and is awaiting a de-

At 61, Tinker does not have to be doing this. For mouths before ship, with Tinker putting up the hired as creators, producers and

he left NBC, interested parties, talent and Gannett the money. the network would soon be up, had been phoning. Tinker said that he would consider his future only when he was officially free to. The calls were recorded in the order in which they were received. Then, when the time came, Tinker picked up the phone at home in Bel Air and, one by one — start-ing from the top — he returned each call and made his pitch.

He said he wanted to start another television production com-pany like MTM. He explained how much money he wanted, and freedom, and how much more money it would cost to get such a company going. "I guess I didn't do it right," he says with a faint smile. "I thought this would eliminate some of the people. But no-body blinked."

Of course they didn't. Tinker was the man who had built MTM from scratch, from the single "Mary Tyler Moore Show" into the most creative and financially successful production company of its time. A man who then, 11 years later, simply walked away because, he says, "Sometimes I'd come to work and I'd feel, God, didn't I do this yesterday?" Instead, he took on the board chairmanship of NBC, a network so sick and hobbled that there was speculation about shutting it.

Tinker led the network away from the graveyard into the gravy.
During his chairmanship NBC
profits soared — from \$48 million in 1981 to more than \$400 million in 1986. It owned the United States's living rooms during prime time, hooking the country on
"The Cosby Show," "Hill Street
Blues" and "Miami Vice"; keeping it hooked with Johnny Carson and David Letterman, hanging onto it through the early morning hours with the "Today" show.

Over a period of months he winnowed down his list down to five companies. Virginia-based Gannett, the huge, diversified media company, was one of them. The deal would be this. Gannett and Tinker would form a partner-

(No one will confirm the start-up figures, but Gannett's Allan Neu-harth admits, "If you said \$100 million over the next five years, you wouldn't look silly.") There would be two sides to the operation: Entertainment program-ming from the West Coast and non-fiction programming, including a half-hour nightly magazine show — a sort of USA Today for television - from the East Coast. In addition to drawing a hefty salary, Tinker would split profits with Gannett.

But Tinker wanted his own studio. The old Laird Studios in Culver City went on the auction block, Gannett shelled out \$24 million for it, and Tinker liked the sound of the deal even more. Tinker also did not want to have to go, hat in hand, to the networks to sell his shows. Enter CBS. Laurence A. Tisch, the chief executive officer, offered a deal for any shows Tinker came up with — well, almost any. If CBS hated a show, Tinker could market it elsewhere.

To get a show on the air today takes the bankroll of a sheikh. For example, when a network buys a series from a production studio, it pays a licensing fee, which entitles it to air each episode twice. These days, however, that fee no longer comes close to covering a show's costs. Thus, today more than ever, a series must be syndicated if the production company is to see a orofit.

Much of the change has been in the salaries that a show's executive producer and writers com-mand. "Bad writers make \$400,000 to \$450,000 a year," says Gary David Goldberg, creator of the hit show "Family Ties." Better writers can ask \$500,000 a year, plus advances on profits. Then there are the executive producers, those in charge of a show's production and administration. There are maybe two dozen

players making \$1 million a year," says Brandon Tartikoff, president of NBC Entertainment. Of the 17 people Tinker has



Grant Tinker, who claims be doesn't have a talent in the world except the ability to attract talented people.

writers, the key players are Mi-chael Kozoll, co-creator of "Hill "Really," he says. "I have had Street Blues"; Deborah Aal, pro-inordinate good luck in my assoducer of several highly acclaimed made-for-television movies, and Donald Todd, a writer for the NBC series "Alf." These three are to develop and produce Tinker's new shows under the guidance of Stu Erwin, GTG's executive vice

For the last seven years Tinker has lived with Melanie Burke, a past successes, he says this: former secretary at MTM, now "What makes a good television 29. She is the third woman in Tinker's life. His marriage to his first wife, Ruth Byerly, the mother of his three sons and one daughter, ended in 1962. He was come later." then married to Mary Tyler Moore for 18 years.

the world except the ability to attract talented people. According to Tinker, like blown leaves, Magazine.

ciations with people I have re-cruited or inherited." Asked why he seems to find the talent when others do not he adds, "Maybe it's because I'm accessible. If somebody gives me some-thing to read, I read it."

If it sounds as though Tinker is

climbing on the bandwagon of his

Diane K. Shah, a former sports He is a man who, perhaps dis-ingenuously, claims not a talent in ald Examiner, is at work on a novel. This was excerpted from an article in The New York Times

### **PEOPLE**

Show for Indian Convict Draws FBI Complaint

A benefit concert at Costa Mesa, California for an American Indian activist convicted of killing two FBI agents drew guests such as Clayton Moore, the "Lone Rang-er," along with condemnation from protesters and the FBI Several thousand people attended the ben-efit for Leonard Pettier. Among the performers were Jackson Browne, Willie Nelson, Joni Mitchell and Kris Kristofferson Moore, who portrayed the Lone Ranger for years on television, made a rare public appearance without his mask. Peltier, a founder of the American Indian Movement, was convicted in 1977 of murdering the two agents in a 1975 shootout on the Pine Ridge Indian Reservation.

Edward Villella has issued an impassioned plea to the ballet world to forgive Gelsey Kirkland, the ballerina who, in writing a book last year describing her drug addictions, told embarrassing stories about other dancers and ballet companies. Villella, a former principal dancer of the New York City Ballet who now is director of dance comwho now is director of dance controlled in Miami and France, made his appeal during a gala awards ceremony at the Kennedy Center for the Performing Arts in Washington. Kirkland, who dances with the Beal Ballet in I ondon and six the Royal Ballet in London, and six others were honored for having overcome handicaps or life-threatening accidents or setbacks. Kirkland's triumph was in overcoming the cocaine addiction, anorexia and amphetamine abuse that took her amphetamine abuse that took her from stardom at the New York Circulate to the brink of death. Withher husband, Greg Lawrence, Kirldiged described her descent and recovery in her book, "Dancing on My Chine."

Vyaction Zaitsev, a favorite coutured of Raisa Gorbachev, basked in a place after his first American attains a security dressed in an electric green jacket and matching ite, sprinted oustage, waving his arms wildly at the finale of an hourtony showing of his of an hourlong showing of his dresses, suits and coats at the Waldorf-Astoria notel in New York. "I want to present all this beauty to so many people who hunger for it," he said before the show. "It is important for me to have this be a Rus-

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